



QUADRENNIAL DEFENSE REVIEW 2014



Report Documentation Page			Form Approved OMB No. 0704-0188	
<p>Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p>				
1. REPORT DATE 2014	2. REPORT TYPE	3. DATES COVERED 00-00-2014 to 00-00-2014		
4. TITLE AND SUBTITLE Quadrennial Defense Review 2014		5a. CONTRACT NUMBER		
		5b. GRANT NUMBER		
		5c. PROGRAM ELEMENT NUMBER		
6. AUTHOR(S)		5d. PROJECT NUMBER		
		5e. TASK NUMBER		
		5f. WORK UNIT NUMBER		
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Secretary of Defense,1000 Defense Pentagon,Washington,DC,20301-1000		8. PERFORMING ORGANIZATION REPORT NUMBER		
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)		
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)		
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited				
13. SUPPLEMENTARY NOTES				
14. ABSTRACT				
15. SUBJECT TERMS				
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 88
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified		
19a. NAME OF RESPONSIBLE PERSON				



QUADRENNIAL
DEFENSE
REVIEW
2014

T A B L E O F C O N T E N T S

I	SECRETARY'S LETTER
III	EXECUTIVE SUMMARY
1	INTRODUCTION
3	CHAPTER I: FUTURE SECURITY ENVIRONMENT
11	CHAPTER II: THE DEFENSE STRATEGY
27	CHAPTER III: REBALANCING THE JOINT FORCE
43	CHAPTER IV: REBALANCING THE DEFENSE INSTITUTION
53	CHAPTER V: IMPLICATIONS AND RISKS OF SEQUESTRATION-LEVEL CUTS
59	CHAIRMAN'S ASSESSMENT OF THE QUADRENNIAL DEFENSE REVIEW



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

March 4, 2014

The 2014 Quadrennial Defense Review (QDR) seeks to adapt, reshape, and rebalance our military to prepare for the strategic challenges and opportunities we face in the years ahead.

Building on the 2012 Defense Strategic Guidance, the QDR prioritizes three strategic pillars: defending the homeland; building security globally by projecting U.S. influence and deterring aggression; and remaining prepared to win decisively against any adversary should deterrence fail. Guided by this updated defense strategy, we will rebalance the military over the next decade and put it on a sustainable path to protect and advance U.S. interests and sustain U.S. global leadership.

The QDR describes the tough choices we are making in a period of fiscal austerity to maintain the world's finest fighting forces. These include reducing force structure in order to protect and expand critical capabilities, modernizing the forces, and investing in readiness. Although the future force will be smaller, it will be ready, capable, and able to project power over great distances. Investment decisions will ensure that we maintain our technological edge over potential adversaries, and that we advance U.S. interests across all domains. Staying ahead of security challenges requires that we continue to innovate, not only in the technologies we develop, but in the way U.S. forces operate. Innovation – within the Department and working with other U.S. departments and agencies and with international partners – will be center stage as we adapt to meet future challenges.

To ensure U.S. Armed Forces remain ready and capable requires that we make much-needed reforms across the defense enterprise. We will prioritize combat power by reducing unnecessary overhead and streamlining activities. In addition, military and civilian leaders across the Department agree that we must reform military compensation in a responsible way that protects the ability to modernize the force over the long-term. The All-Volunteer Force is one of the greatest strengths of the United States, and we owe it to future Soldiers, Sailors, Airmen, and Marines to ensure that they are prepared for tomorrow's threats.

The Department stands ready to work in partnership with Congress and the American people to implement these difficult choices. It is only through an active and robust bipartisan dialogue that the Department can hope to make the transition necessary to ensure that the U.S. Armed Forces remain the preeminent global force of the future.





EXECUTIVE SUMMARY

E X E C U T I V E S U M M A R Y

The United States faces a rapidly changing security environment. We are repositioning to focus on the strategic challenges and opportunities that will define our future: new technologies, new centers of power, and a world that is growing more volatile, more unpredictable, and in some instances more threatening to the United States. Challenges to our many allies and partners around the globe remain dynamic and unpredictable, particularly from regimes in North Korea and Iran. Unrest and violence persist elsewhere, creating a fertile environment for violent extremism and sectarian conflict, especially in fragile states, stretching from the Sahel to South Asia, and threatening U.S. citizens abroad. Meanwhile, modern warfare is evolving rapidly, leading to increasingly contested battlespace in the air, sea, and space domains – as well as cyberspace – in which our forces enjoyed dominance in our most recent conflicts.

Our sustained attention and engagement will be important in shaping emerging global trends, both positive and negative. Unprecedented levels of global connectedness provide common incentives for international cooperation and shared norms of behavior, and the growing capacity of some regional partners provides an opportunity for countries to play greater and even leading roles in advancing mutual security interests in their respective regions. In addressing the changing strategic environment, the United States will rely on our many comparative advantages, including the strength of our economy, our strong network of alliances and partnerships, and our military's human capital and technological edge. Doing so will require exceptional agility in how we shape, prepare, and posture the Joint Force.

The Department of Defense is also facing a changing and equally uncertain fiscal environment. Beginning with the Fiscal Year (FY) 2012 appropriations, the Department began absorbing significant impacts from the \$487 billion, ten-year cut in spending due to caps instituted by the Budget Control Act (BCA) of 2011. The BCA also instituted a sequestration mechanism requiring cuts of about \$50 billion annually. The Bipartisan Budget Act of 2013 provided modest immediate relief from sequestration, but unless Congress acts, annual sequestration cuts are set to resume in FY2016. To protect the security interests of the United States most effectively while recognizing the fiscal imperative of deficit reduction, the President's FY2015 Budget reduces projected defense budgets by about \$113 billion over five years compared to levels requested in the FY2014 Budget. The President's Budget provides a balanced and responsible path forward given continuing fiscal uncertainty. It reflects the strict constraints on discretionary funding required by the Bipartisan Budget Act in FY2015, but it does not accept sequestration levels thereafter, funding the Department at about \$115 billion more than projected sequestration levels through 2019.

Given this dynamic environment, the 2014 Quadrennial Defense Review (QDR) is principally focused on preparing for the future by rebalancing our defense efforts in a period of increasing fiscal constraint. The 2014 QDR advances three important initiatives. First, it builds on the Defense Strategic Guidance, published in 2012, by outlining an updated defense strategy that protects and advances U.S. interests and sustains U.S. leadership. Second, the QDR describes how the Department is responsibly and realistically taking steps to rebalance major elements of the Joint Force given the changing environment. Third, the QDR demonstrates our intent to rebalance the Department itself as part of our effort to control internal cost growth that is threatening to erode our combat power in this period of fiscal austerity. We will protect the health of the All-Volunteer Force as we undertake these reforms.

The QDR makes clear that this updated national defense strategy is right for the Nation, sustaining the global leadership role of the United States and providing the basis for decisions that will help bring our military into balance over the next decade and responsibly position us for an era of both strategic and fiscal uncertainty. The FY2015 funding levels requested by the President will allow the military to protect and advance U.S. interests and execute the updated defense strategy – but with increased levels of risk for some missions. We will continue to experience gaps in training and maintenance over the near term and will have a reduced margin of error in dealing with risks of uncertainty in a dynamic and shifting security environment over the long term. The President's "Opportunity, Growth, and Security" Initiative would add \$26 billion in FY2015 defense investments, allowing the Department to continue restoring and sustaining readiness, investing in weapons modernization, and making needed facilities

improvements – significantly mitigating these risks. Overall, the Department can manage these risks under the President’s FY2015 Budget plan, but the risks would grow significantly if sequester-level cuts return in FY2016, if proposed reforms are not accepted, or if uncertainty over budget levels continues. It is essential that we work closely with Congress to ensure that, as we put our Nation’s fiscal house in order, we provide sufficient resources to preserve our national security.

BUILDING ON THE DEFENSE STRATEGIC GUIDANCE

The United States exercises global leadership in support of our interests: U.S. security and that of our allies and partners; a strong economy in an open economic system; respect for universal values; and an international order that promotes peace, security, and opportunity through cooperation. Protecting and advancing these interests, consistent with the National Security Strategy, the 2014 QDR embodies the 21st century defense priorities outlined in the 2012 Defense Strategic Guidance. These priorities include rebalancing to the Asia-Pacific region to preserve peace and stability in the region; maintaining a strong commitment to security and stability in Europe and the Middle East; sustaining a global approach to countering violent extremists and terrorist threats, with an emphasis on the Middle East and Africa; continuing to protect and prioritize key investments in technology while our forces overall grow smaller and leaner; and invigorating efforts to build innovative partnerships and strengthen key alliances and partnerships. The 2014 QDR builds on these priorities and incorporates them into a broader strategic framework. The Department’s defense strategy emphasizes three pillars:

- *Protect the homeland*, to deter and defeat attacks on the United States and to support civil authorities in mitigating the effects of potential attacks and natural disasters.
- *Build security globally*, in order to preserve regional stability, deter adversaries, support allies and partners, and cooperate with others to address common security challenges.
- *Project power and win decisively*, to defeat aggression, disrupt and destroy terrorist networks, and provide humanitarian assistance and disaster relief.

These pillars are mutually reinforcing and interdependent, and all of the military Services play important roles in each. Our nuclear deterrent is the ultimate protection against a nuclear attack on the United States, and through extended deterrence, it also serves to reassure our distant allies of their security against regional aggression. It also supports our ability to project power by communicating to potential nuclear-armed adversaries that they cannot escalate their way out of failed conventional aggression. Building security globally not only assures allies and

partners and builds their capacity but also helps protect the homeland by deterring conflict and increasing stability in regions like the Middle East and North Africa. Our ability to project forces to combat terrorism in places as far away as Yemen, Afghanistan, and Mali – and to build capacity to help partners counter terrorism and counter the proliferation of weapons of mass destruction (WMD) – reduces the likelihood that these threats could find their way to U.S. shores.

Across each of the three pillars of the updated defense strategy, the Department is committed to finding creative, effective, and efficient ways to achieve our goals and assist in making strategic choices. Innovation – within our own Department and in our interagency and international partnerships – is a central line of effort. We are identifying new presence paradigms, including potentially positioning additional forward deployed naval forces in critical areas, and deploying new combinations of ships, aviation assets, regionally aligned or rotational ground forces, and crisis response forces, all with the intention of maximizing effects while minimizing costs. With our allies and partners, we will make greater efforts to coordinate our planning to optimize their contributions to their own security and to our many combined activities. The impacts of climate change may increase the frequency, scale, and complexity of future missions, including defense support to civil authorities, while at the same time undermining the capacity of our domestic installations to support training activities. Our actions to increase energy and water security, including investments in energy efficiency, new technologies, and renewable energy sources, will increase the resiliency of our installations and help mitigate these effects.

Reflecting the requirements of this updated defense strategy, the U.S. Armed Forces will be capable of simultaneously defending the homeland; conducting sustained, distributed counterterrorist operations; and in multiple regions, deterring aggression and assuring allies through forward presence and engagement. If deterrence fails at any given time, U.S. forces will be capable of defeating a regional adversary in a large-scale multi-phased campaign, and denying the objectives of – or imposing unacceptable costs on – a second aggressor in another region.

The President’s Budget provides the resources to build and sustain the capabilities to conduct these operations, although at increased levels of risk for some missions. With the President’s Budget, our military will be able to defeat or deny any aggressor. Budget reductions inevitably reduce the military’s margin of error in dealing with risks, and a smaller force strains our ability to simultaneously respond to more than one major contingency at a time. The Department can manage these risks under the President’s FY2015 Budget plan, but the risks would grow significantly if sequester-level cuts return in FY2016, if proposed reforms are not accepted, or if uncertainty over budget levels continues.

REBALANCING FOR THE 21ST CENTURY

Given major changes in our nation's security environment – including geopolitical changes, changes in modern warfare, and changes in the fiscal environment – our updated defense strategy requires that the Department rebalance the Joint Force in several key areas to prepare most effectively for the future.

Rebalancing for a broad spectrum of conflict. Future conflicts could range from hybrid contingencies against proxy groups using asymmetric approaches, to a high-end conflict against a state power armed with WMD or technologically advanced anti-access and area-denial (A2/AD) capabilities. Reflecting this diverse range of challenges, the U.S. military will shift focus in terms of what kinds of conflicts it prepares for in the future, moving toward greater emphasis on the full spectrum of possible operations. Although our forces will no longer be sized to conduct large-scale prolonged stability operations, we will preserve the expertise gained during the past ten years of counterinsurgency and stability operations in Iraq and Afghanistan. We will also protect the ability to regenerate capabilities that might be needed to meet future demands.

The Joint Force must also be prepared to battle increasingly sophisticated adversaries who could employ advanced warfighting capabilities while simultaneously attempting to deny U.S. forces the advantages they currently enjoy in space and cyberspace. We will sustain priority investments in science, technology, research, and development both within the defense sector and beyond. The Department is taking steps to ensure that progress continues in areas most critical to meeting future challenges such as full-spectrum cyberspace capabilities and where the potential for game-changing breakthroughs appears most promising. We will actively seek innovative approaches to how we fight, how we posture our force, and how we leverage our asymmetric strengths and technological advantages. Innovation is paramount given the increasingly complex warfighting environment we expect to encounter.

The United States will maintain a worldwide approach to countering violent extremists and terrorist threats using a combination of economic, diplomatic, intelligence, law enforcement, development, and military tools. The Department of Defense will rebalance our counterterrorism efforts toward greater emphasis on building partnership capacity, especially in fragile states, while retaining robust capability for direct action, including intelligence, persistent surveillance, precision strike, and Special Operations Forces. We will remain focused on countering WMD, which undermine global security. We will sustain efforts to strengthen key alliances and partnerships, placing more focus on deepening existing cooperation as well as

building new and innovative partnerships. Finally, Combatant Commanders will invigorate their efforts to adjust contingency planning to reflect more closely the changing strategic environment.

Rebalancing and sustaining our presence and posture abroad to better protect U.S. national security interests. In striving to achieve our three strategic objectives, the Department will also continue to rebalance and sustain our global posture. We will continue our contributions to the U.S. rebalance to the Asia-Pacific region, seeking to preserve peace and stability in a region that is increasingly central to U.S. political, economic, and security interests. Faced with North Korea’s long-range missiles and WMD programs – particularly its pursuit of nuclear weapons – the United States is committed to maintaining peace and security on the Korean Peninsula. As part of our broader efforts for stability in the Asia-Pacific region, the United States will maintain a robust footprint in Northeast Asia while enhancing our presence in Oceania and Southeast Asia. As we end combat operations in Afghanistan, we are prepared to transition to a limited mission focused on counterterrorism and training, advising, and assisting Afghan security forces.

The United States also has enduring interests in the Middle East, and we will remain fully committed to the security of our partners in the region. We will continue to maintain a strong military posture in the Gulf region – one that can respond swiftly to crisis, deter aggression, and assure our allies and partners – while making sure that our military capabilities evolve to meet new threats. Given our deep and abiding interests in maintaining and expanding European security and prosperity, we will continue our work with allies and partners to promote regional stability and Euro-Atlantic integration, as well as to improve capacity, interoperability, and strategic access for coalition operations. Across the globe, we will ensure the access needed to surge forces rapidly in the event of a crisis.

Rebalancing capability, capacity, and readiness within the Joint Force. After more than twelve years of conflict and amid ongoing budget reductions, the Joint Force is currently out of balance. Readiness further suffered due to the implementation of sequestration in FY2013, and the force has not kept pace with the need to modernize. We will need time and funding to reset and reconstitute the Joint Force as we transition from operations in Afghanistan. The President’s FY2015 Budget proposal outlines a range of realistic and responsible adjustments in specific areas the Department believes must be made in the near term to restore balance in the Joint Force. The force will become smaller in the next five years but will gradually become more modern as well, with readiness improving over time. Taking the prudent steps outlined in this QDR in the near term will improve the Department’s ability to meet our national security needs should the fiscal outlook not improve. The longer critical decisions are delayed in the

hope that budget caps will be raised, the more difficult and painful those decisions will be to implement, and the more damaging they will be to our ability to execute the strategy if no additional resources are made available. Key end strength and force structure decisions in this QDR include:

- Maintaining an Air Force with global power projection capabilities crucial for this updated defense strategy. We will modernize next-generation Air Force combat equipment – including fighters and bombers – particularly against advancing modern air defense systems. To free resources for these programs as well as to preserve investments in critical capabilities, the Air Force will reduce or eliminate capacity in some single-mission aviation platforms. If sequestration-level cuts are imposed in FY2016 and beyond, the Air Force would have to retire 80 more aircraft, slow down purchases of the Joint Strike Fighter, and make other difficult adjustments.
- Sustaining a world-class Army capable of conducting the full range of operations on land, including prompt and sustained land combat as part of large, multi-phase joint and multinational operations by maintaining a force structure that we can man, train, equip, and keep ready. To sustain this force, the Department will rebalance within the Army, across the Active, Guard, and Reserves. The active Army will reduce from its war-time high force of 570,000 to 440,000-450,000 Soldiers. The Army National Guard will continue its downsizing from a war-time high of 358,000 to 335,000 Soldiers, and the U.S. Army Reserve will reduce from 205,000 to 195,000 Soldiers. If sequestration-level cuts are imposed in FY2016 and beyond, all components of the Army would be further reduced, with active duty end strength decreasing to 420,000, the Army National Guard drawing down to 315,000, and the Army Reserves reducing to 185,000.
- Preserving Naval capacity to build security globally and respond to crises. Through an aggressive effort to reduce acquisition costs and temporary ship lay-ups, the Navy will modernize its fleets of surface ships, aircraft, and submarines to meet 21st century threats. We must ensure that the fleet is capable of operating in every region and across the full spectrum of conflict. No new negotiations beyond 32 Littoral Combat Ships (LCS) will go forward, and the Navy will submit alternative proposals to procure a capable and lethal small surface combatant. If sequestration-level cuts are imposed in FY2016 and beyond, the USS George Washington aircraft carrier would need to be retired before scheduled refueling and overhaul. The Department will have to make this decision, which would leave the Navy with ten carrier strike groups, in the 2016 budget submission.

- Maintaining the role of the Marine Corps as a vital crisis response force, protecting its most important modernization priorities and ensuring readiness, but planning for an end strength of 182,000 active Marines. This end strength includes almost 900 more Marines for the Embassy Security Guard program, which will protect U.S. interests and installations abroad. If sequestration-level cuts are imposed in FY2016 and beyond, the Marines would continue their drawdown to an end strength of 175,000.

As the Joint Force rebalances so that it remains modern, capable, and ready, the Department will take the following additional steps that are consistent with the President's FY2015 Budget submission to protect key capability areas in support of our strategy:

- *Cyber*. We will invest in new and expanded cyber capabilities and forces to enhance our ability to conduct cyberspace operations and support military operations worldwide, to support Combatant Commanders as they plan and execute military missions, and to counter cyberattacks against the United States.
- *Missile Defense*. We are increasing the number of Ground-Based Interceptors and deploying a second radar in Japan to provide early warning and tracking. We will make targeted investments in defensive interceptors, discrimination capabilities, and sensors; and we are studying the best location for an additional missile defense interceptor site in the United States if additional interceptors are needed.
- *Nuclear Deterrence*. We will continue to invest in modernizing our essential nuclear delivery systems; warning, command and control; and, in collaboration with the Department of Energy, nuclear weapons and supporting infrastructure.
- *Space*. We will move toward less complex, more affordable, more resilient systems and system architectures and pursue a multi-layered approach to deter attacks on space systems while retaining the capabilities to respond should deterrence fail.
- *Air/Sea*. We will continue to invest in combat aircraft, including fighters and long-range strike, survivable persistent surveillance, resilient architectures, and undersea warfare to increase the Joint Force's ability to counter A2/AD challenges.
- *Precision Strike*. We will procure advanced air-to-surface missiles that will allow fighters and bombers to engage a wide range of targets and a long-range anti-ship cruise missile that will improve the joint ability of U.S. air forces to engage surface combatants in defended airspace.

- *Intelligence, Surveillance, and Reconnaissance (ISR).* We will rebalance investments toward systems that are operationally responsive and effective in highly contested environments, while sustaining capabilities appropriate for more permissive environments in order to support global situational awareness, counterterrorism, and other operations.
- *Counter Terror and Special Operations.* We will grow overall Special Operations Forces end strength to 69,700 personnel, protecting our ability to sustain persistent, networked, distributed operations to defeat al Qa'ida, counter other emerging transnational threats, counter WMD, build the capacity of our partners, and support conventional operations.

Rebalancing tooth and tail. Finally, the Department itself will rebalance internally to control cost growth and generate greater efficiencies in order to prioritize spending on combat power. The Department has previously submitted three packages of budget proposals aimed at achieving efficiencies and now plans to implement additional overhead reduction efforts. Key ongoing activities include reducing the Department's major headquarters budgets by 20 percent and decreasing the number of direct reports to the Secretary of Defense. These will lower the Department's operating costs by \$5 billion over the next five years and by more than twice that amount over the next decade. The Department is making selected cutbacks in civilian personnel and contractors to hold down costs and is seeking to harness lower growth in private-sector health care costs in order to slow growth in military health care expenses. In addition, the Department is also improving its financial management, in part to achieve auditable financial statements.

We are also continuing to implement acquisition reform efforts, most notably through the Better Buying Power initiative that seeks to achieve affordable programs by controlling costs, incentivizing productivity and innovation in industry and government, eliminating unproductive processes and bureaucracy, promoting effective competition, improving tradecraft in contracted acquisition of services, and improving the professionalism of the total acquisition workforce. The Department will remain committed to continuously increasing productivity in defense acquisition.

Substantial long-term savings will be realized if the Department is permitted to eliminate unneeded infrastructure. We estimate that we already have more infrastructure than we need, and this will grow as we reduce end strength. The only effective way to eliminate unneeded infrastructure in the United States is through the Base Realignment and Closure (BRAC)

process. Congress has denied the Department's request for another BRAC in each of the past two years. If the Department is to make more effective use of taxpayer dollars, it is imperative that Congress authorize another BRAC round in 2017.

MAINTAINING THE STRENGTH OF THE ALL-VOLUNTEER FORCE AND IMPLEMENTING NEW REFORMS

As we restore balance to the Joint Force and the Department, the United States will maintain its two-fold sacred contract with U.S. Service members: to properly compensate and care for our men and women in uniform and their families both during and after their service, and to provide our Service members the best training and equipment possible so they can safely accomplish their missions.

Service members will be treated fairly and equally, on and off the battlefield. The Department last year expanded opportunities for women to serve in the U.S. Armed Forces and is seeking to integrate women successfully into the few remaining restricted occupational fields. Eliminating sexual assault is one of the Department of Defense's highest priorities, requiring an absolute and sustained commitment to improving the Department's prevention and response programs – ensuring that we provide a safe environment free from threats to our military personnel. The Department will continue to implement changes needed to realize fully its decision to allow gay men and women to serve openly in the military. For those returning from combat ill or wounded, and for those who require hospitalization or rehabilitation, we will continue to provide the best possible care. And the Department of Defense will continue working with the Departments of Veterans Affairs and Labor to provide the best possible assistance to Service members transitioning into private life.

In a constrained fiscal environment, the Department cannot afford to sustain the rate of growth in military pay and benefits that we experienced over the last decade. The Department and the American people have rightfully been very supportive of our men and women in uniform for more than a decade of war, providing increases in military pay and benefits that have more than closed compensation gaps and have appropriately recognized the sacrifices of those who are serving and have served and their families. The Department is proposing changes that will ensure we can continue to offer a competitive compensation package to recruit and retain our Joint Force of the future. These changes include: restrained annual military pay raises over the next five years; slowing the rate of growth in tax-free housing allowances; simplifying and modernizing the TRICARE programs, including modestly increasing co-pays and deductibles in

ways that encourage members to use the most affordable means of care, adjusting pharmacy co-pay structure, and establishing a modest fee for the TRICARE-for-Life coverage for Medicare-eligible retirees; and decreasing commissary subsidies. If implemented fully, these proposals would save approximately \$12 billion over the next five years and considerably more by the end of ten years.

Without support from Congress and the American people for reforms to slow the rate of growth in military compensation, the Department will be left with no choice but to take resources away from its ability to field the future Joint Force we need. The Secretary of Defense, the Secretaries of the Military Departments and Service Chiefs, the Senior Enlisted Advisers, and the Department's senior leadership team support this comprehensive approach to reform and will work in partnership with Congress and the American public to continue to sustain the world's finest military.

IMPLICATIONS OF SEQUESTRATION-LEVEL CUTS

The FY2015 funding levels requested by the President will allow the military to protect and advance U.S. interests and fulfill the updated defense strategy – but with increased levels of risk for some missions. In the near term, U.S. forces will remain actively engaged in building partnerships and enhancing stability in key regions, but our engagement will be even more tailored and selective. We will continue to sustain a heightened alert posture in regions like the Middle East and North Africa. At requested budget levels, we can sustain adequate readiness and modernization that is most relevant to strategic priorities over the near term. Moreover, the President's "Opportunity, Growth, and Security" Initiative would fund an additional \$26 billion in FY2015 defense investments, helping the Department to make faster progress toward restoring readiness, investing in weapons modernization, and making needed facilities improvements. The development of advanced capabilities and sophisticated weapons systems by global rivals and potential adversaries will inevitably pose more risks to our forces and our security. The Department can manage these risks under the President's FY2015 Budget plan, but the risks would grow significantly if sequester-level cuts return in FY2016, if proposed reforms are not accepted, or if uncertainty over budget levels continues.

If the modest, immediate relief that the Bipartisan Budget Act provides from sequestration – more so in FY2014 and less so in FY2015 – is followed by the return of annual reductions to the sequestration level, the Department would be unable to adjust the size and shape of the Joint Force in the more balanced way envisioned in the President's Budget submission. Our

ability to implement the defense strategy would be significantly reduced over the entire BCA period. The Department's readiness challenges, particularly in the near term, would greatly reduce both our ability to conduct steady state activities and to respond quickly in a crisis. Critical modernization programs would be slowed or truncated, creating deficiencies in the technological capability of our forces. The United States would likely need to count more on allied and partner contributions in future confrontations and conflicts, assuming they would be willing and able to act in support of shared interests. Reductions in capacity and capability would significantly challenge our ability to respond to strategic surprise, particularly those requiring large numbers of modern forces.

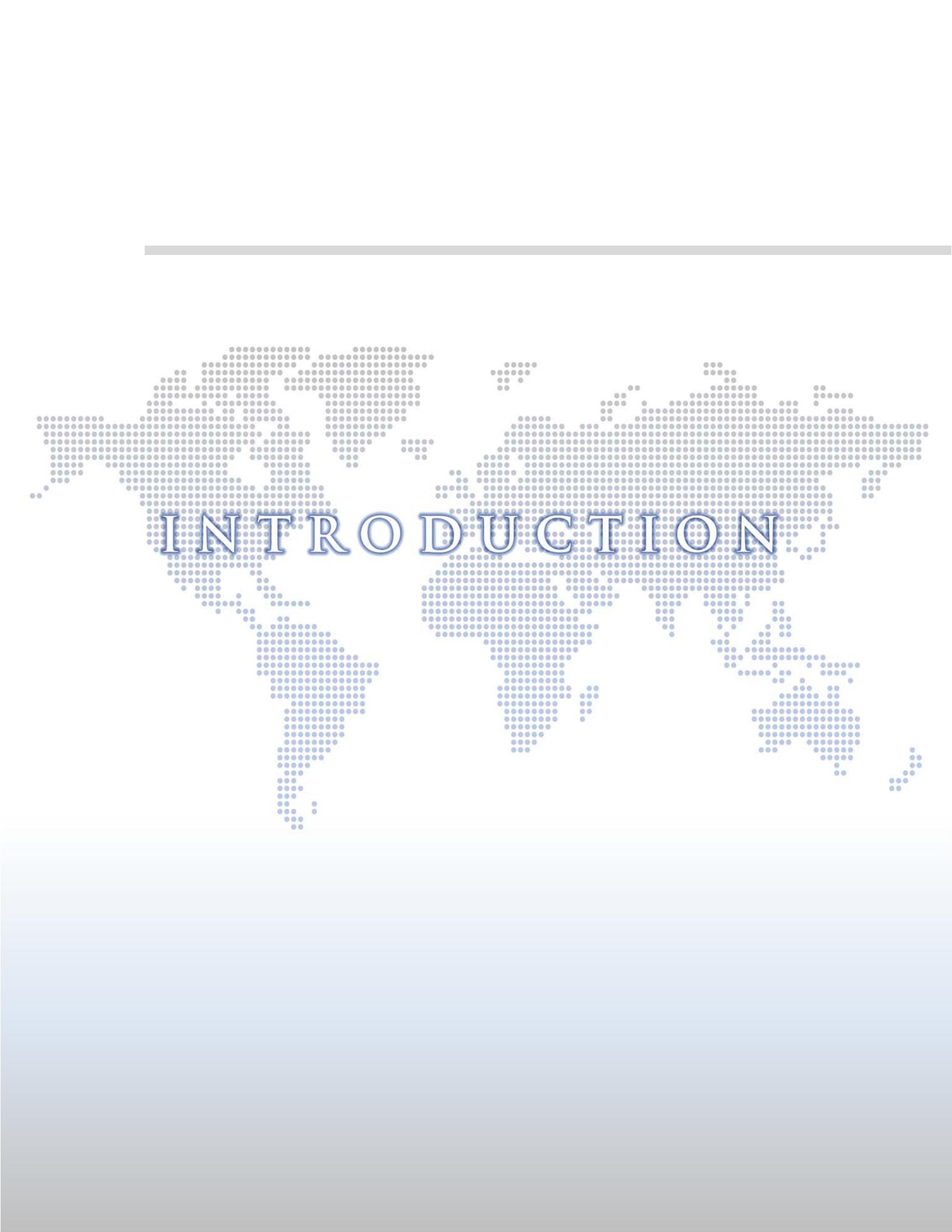
Left unaddressed, continuing sequestration-level cuts would greatly affect what the U.S. military can and cannot do over the next ten years. The American people would have to accept that the level of risk in conducting military operations would rise substantially. Our military would be unbalanced and eventually too small to meet the needs of our strategy fully, leading to greater risk of longer wars with potentially higher casualties for the United States and for our allies and partners in the event of a conflict. Ultimately, continued resourcing at sequestration level would likely embolden our adversaries and undermine the confidence of our allies and partners, which in turn could lead to an even more challenging security environment than we already face.

CONCLUSION

The United States remains committed to protecting its interests, sustaining U.S. leadership, and preserving global stability, security, and peace. Recognizing current fiscal realities, the Department has made a number of decisions to ensure the Joint Force remains as balanced as possible over time, even as it must begin force structure reductions due to fiscal constraints. We will prepare the Department of Defense for the future and preserve the health of the All-Volunteer Force as we implement reforms.

The President's FY2015 Budget provides a realistic alternative to sequester-level cuts, supporting the Department's ability to achieve our updated defense strategy and beginning an efficient transition to a smaller force over time. Resumption of sequestration-level cuts would lead to more immediate and severe risks to the strategy. Ultimately, with sequestration-level cuts, by 2021 the Joint Force would be too small and too outdated to fully implement our defense strategy. As a global leader, the United States requires a robust national defense strategy to protect and advance its interests and to ensure the security of its allies and partners with a

military and civilian workforce that can implement that strategy effectively. This can only be achieved by the strategic balance of reforms and reductions that the Department is presenting to Congress and will require Congress to partner with the Department of Defense in making politically difficult choices.



INTRODUCTION

INTRODUCTION

The 2014 QDR was a strategy-driven and resource-informed process focused on preparing the Department of Defense for the future and prioritizing our efforts in a period of fiscal austerity. The QDR advances three important initiatives. First, it builds on the Defense Strategic Guidance, published in 2012, to continue protecting and advancing U.S. interests and sustaining American leadership. Second, the QDR describes how the Department is responsibly and realistically taking steps to rebalance major elements of the Joint Force given the changing fiscal environment. Third, the QDR demonstrates our intent to rebalance the Department itself as part of our effort to control internal cost growth that is threatening to erode our combat power in this period of fiscal austerity. We will preserve and enhance the health of the All-Volunteer Force as we undertake these reforms.

In conducting the 2014 QDR, the Department first assessed the challenging international security environment. Senior leaders sought to identify plausible strategic and operational futures that we could face over the near-, mid-, and long-term – paying particular attention to threats, challenges, and opportunities emerging since the release of the 2012 Defense Strategic Guidance. Informed by this assessment, senior leadership identified objectives the Department will likely need to be capable of accomplishing in support of U.S. national security interests and assessed the sufficiency and proficiency of the Joint Force to meet these demands. The results of these assessments guided development of the Department’s force planning construct and informed the President’s FY2015 Budget request. Throughout the QDR process, senior leaders also considered the impact of lower budget levels – including sequestration-level cuts – on the Department’s ability to protect U.S. interests. The foundation of this QDR is a steadfast commitment to protect spending on combat power, while identifying new ways of achieving our goals and new approaches to reforming the Defense enterprise.

CHAPTER I: FUTURE SECURITY ENVIRONMENT

CHAPTER I: FUTURE SECURITY ENVIRONMENT

As the United States completes its transition in Afghanistan and looks to the future, the international security environment remains uncertain and complicated. The United States will likely face a broad array of threats and opportunities and must prepare to address both effectively in the coming years.

Powerful global forces are emerging. Shifting centers of gravity are empowering smaller countries and non-state actors on the international stage. Global connections are multiplying and deepening, resulting in greater interaction between states, non-state entities, and private citizens. In a fundamentally globalized world, economic growth in Asia; aging populations in the United States, Europe, China, and Japan; continued instability in the Middle East and Africa; and many other trends interact dynamically. The operating environment is increasingly enabled by technology, which provides the types of capabilities once largely limited to major powers to a broad range of actors. The rapidly accelerating spread of information is challenging the ability of some governments to control their populations and maintain civil order, while at the same time changing how wars are fought and aiding groups in mobilizing and organizing.



A U.S. Air Force MQ-9 Reaper unmanned aerial vehicle taxis at Kandahar Airfield, Afghanistan. (U.S. Air Force photo by Tech. Sgt. Efren Lopez)

Regional and global trends in the security environment, coupled with increasing fiscal austerity, will make it imperative that the United States adapt more quickly than it has in the past and pursue more innovative approaches and partnerships in order to sustain its global leadership role.

Regional Trends

The United States has been a Pacific power for more than a century, with deep and enduring economic and security ties to the region. Particularly in the past six decades, the United States has helped ensure peace and prosperity in the Asia-Pacific region through our commitment to free and open commerce, promotion of a just international order, and maintenance of open access to shared domains. U.S. economic, security, and people-to-people ties with the region are strong and growing.

The Asia-Pacific region is increasingly central to global commerce, politics, and security. Defense spending in this region continues to rise. As nations in the region continue to develop their military and security capabilities, there is greater risk that tensions over long-standing sovereignty disputes or claims to natural resources will spur disruptive competition or erupt into conflict, reversing the trends of rising regional peace, stability, and prosperity. In particular, the rapid pace and comprehensive scope of China's military modernization continues, combined with a relative lack of transparency and openness from China's leaders regarding both military capabilities and intentions.

A multilateral security architecture – composed of groups such as the Association of South East Asian Nations (ASEAN) and regional actors collaborating on issues ranging from humanitarian assistance to maritime security to counterterrorism – is emerging to help manage tensions and prevent conflict. Traditional anchors of regional security such as Australia, Japan, and the Republic of Korea (ROK), and growing powers such as India and Indonesia, are taking on additional leadership roles to foster increased communication and shared understanding.

As many Asia-Pacific countries seek to achieve greater prosperity, establish regional norms, and strive for a stable military balance, North

Korea remains closed and authoritarian. North Korea's long-range missile and weapons of mass destruction (WMD) programs – particularly its pursuit of nuclear weapons in contravention of its international obligations – constitutes a significant threat to peace and stability on the Korean Peninsula and in Northeast Asia and is a growing, direct threat to the United States.



U.S. Marines with the 2nd Fleet Anti-Terrorism Security Team and Australian soldiers with the 5th Battalion, Royal Australian Regiment conduct training at a live-fire range at Robertson Barracks in Darwin, Australia. (U.S. Marine Corps photo by Sgt. Pete Thibodeau)

Friction points also endure in the Middle East. Religious differences, particularly a widening Sunni-Shi'a divide, are among the sources of trans-national division in the region. Competition for resources, including energy and water, will worsen tensions in the coming years and could escalate regional confrontations into broader conflicts – particularly in fragile states. In the region, Iran remains a destabilizing actor that threatens security by defying international law and pursuing capabilities that would allow it to develop nuclear weapons. Even as Iran pledges not to pursue nuclear weapons, Iran's other destabilizing activities will continue to pose a threat to the Middle East, especially to the security of our allies and partners in the region and around the world.

Many countries in the Middle East and Africa are undergoing significant political and social change. People in countries including Tunisia, Libya, Yemen, and Egypt are seeking a greater voice in their governance, upending traditional power centers in the process. Terrorist groups seek to exploit transitional governments and expand their influence. Internal strife in Syria continues amid sectarian friction, at great cost to human life. Syria has become a magnet for global jihad – a situation that is likely to persist as long as the current leadership remains in power. Ongoing, severe spillover effects include an influx of foreign fighters and a flood of refugees into neighboring countries. These difficult political transitions are a reminder that events in the region will take years – perhaps decades – to develop fully.

In Africa, terrorists, criminal organizations, militias, corrupt officials, and pirates continue to exploit ungoverned and under-governed territory on the continent and its surrounding waters. The potential for rapidly developing threats, particularly in fragile states, including violent public protests and terrorist attacks, could pose acute challenges to U.S. interests. At the same time, there is also significant opportunity to develop stronger governance institutions and to help build professional, capable military forces that can partner with the United States to address the full spectrum of regional security challenges. Multilateral peace operations under the aegis of the United Nations, African Union, and sub-regional organizations are playing an increasingly prominent role in maintaining and restoring international security, including through prevention and mitigation of mass atrocities in threat environments that previously would have deterred multilateral action.

Europe remains our principal partner in promoting global security. As unrest and violence persist, particularly in the Middle East and North Africa, Europe will be critical in addressing these challenges. Europe is home to our most stalwart and capable allies and partners, and the strategic access and support these countries provide is essential to ensuring that the U.S. Armed Forces are more agile, expeditionary, and responsive to global challenges. While most European countries today are producers of security, continued instability in the Balkans and on the

European periphery will continue to pose a security challenge. The United States is willing to undertake security cooperation with Russia, both in the bilateral context and in seeking solutions to regional challenges, when our interests align, including Syria, Iran, and post-2014 Afghanistan. At the same time, Russia's multi-dimensional defense modernization and actions that violate the sovereignty of its neighbors present risks. We will engage Russia to increase transparency and reduce the risk of military miscalculation.

In the Western Hemisphere, predominant security challenges no longer stem principally from state-on-state conflict, right-wing paramilitaries, or left-wing insurgents. Today's threats stem from the spread of narcotics and other forms of transnational organized crime, the effects of which can be exacerbated by natural disasters and uneven economic opportunity. These challenges are shared and do not respect sovereign boundaries. It is in the mutual interest of all the nations of the Western Hemisphere to unite to develop regional capacity to disrupt, dismantle, and defeat these threats from non-state actors.

Global Trends

The global trends that will define the future security environment are characterized by a rapid rate of change and a complexity born of the multiple ways in which they intersect and influence one another. As a result, despite the growing availability and flow of information around the world, it is increasingly challenging to predict how global threats and opportunities will evolve.

The United States' sustained attention and engagement will be important in shaping emerging global trends, both positive and negative. In many regions we are witnessing the emergence of international partners with the capacity to play productive and even leading security roles in their respective regions. Unprecedented levels of global interconnectedness through technology, travel, trade, and social media provide common incentives for, and more effective means of, fostering international cooperation and shared norms of behavior. The forces of globalization are contributing to important macroeconomic changes in some of the world's most destitute areas. And the pace of technological and scientific innovation in the private sector, particularly in energy markets, has the potential not only to revolutionize entire industries but also to enable new ways of providing for U.S. security in the future.

At the same time, the technology-enabled 21st century operational environment offers new tools for state and non-state adversaries such as terrorists to pursue asymmetric approaches, exploiting where we are weakest. In the coming years, countries such as China will continue seeking to counter U.S. strengths using anti-access and area-denial (A2/AD) approaches and by employing other new cyber and space control technologies. Additionally, these and other states

continue to develop sophisticated integrated air defenses that can restrict access and freedom of maneuver in waters and airspace beyond territorial limits. Growing numbers of accurate conventional ballistic and cruise missile threats represent an additional, cost-imposing challenge to U.S. and partner naval forces and land installations.

The United States has come to depend on cyberspace to communicate in new ways, to make and store wealth, to deliver essential services, and to perform national security functions. The importance of cyberspace to the American way of life – and to the Nation’s security – makes cyberspace an attractive target for those seeking to challenge our security and economic order. Cyberspace will continue to feature increasing opportunities but also constant conflict and competition – with vulnerabilities continually being created with changes in hardware, software, network configurations, and patterns of human use. Cyber threats come from a diverse range of countries, organizations, and individuals whose activities are posing increasingly significant risks to U.S. national interests. Some threats seek to undercut the Department’s near- and long-term military effectiveness by gaining unauthorized access to Department of Defense and industry networks and infrastructure on a routine basis. Further, potential adversaries are actively probing critical infrastructure throughout the United States and in partner countries, which could inflict significant damage to the global economy and create or exacerbate instability in the security environment.

Space also remains vital to U.S. security as well as to the global economy. Congestion in space is growing, due both to routine space activities and to irresponsible behavior. Threats to U.S. space capabilities, as well as to the space environment itself, are steadily increasing. Some nations are developing a range of counter-space capabilities – with both reversible and permanent effects – designed to deny or degrade our ability to conduct military operations and to project power globally. Additionally, many states are integrating space-enabled precision effects in their own systems to allow them to hold U.S. assets at risk.

The spread of other sophisticated technologies poses a range of new challenges. Counter-stealth technology is just one example of how highly advanced weapons systems – previously available only to those with significant research and development capabilities and large acquisition budgets – could proliferate and change warfighting equations. Automated and autonomous systems as well as robotics already have a wide range of commercial, industrial, and military applications – a trend that will likely continue. The availability of low-cost three-dimensional printers could revolutionize manufacturing and logistics related to warfare. New ways of developing WMD – such as biotechnology breakthroughs – could make dangerous agents more widely available, potentially presenting fast-moving threats that are very difficult to detect and

even more difficult to counter. How these and other technologies will ultimately manifest on the battlefield remains unclear.

Whether employing high-technology tools or less-advanced weapons, the terrorist threat to our Nation's interests persists and has evolved greatly since 2001. Many of the leading al Qa'ida elements who were responsible for planning and prosecuting attacks on U.S. soil have been captured or killed. Although core al Qa'ida has been severely degraded, instability in the Middle East and civil war in Syria have enabled al Qa'ida to expand its global reach and operate in new areas. Terrorists remain willing and able to threaten the United States, our citizens, and our interests – from conducting major and well-coordinated attacks to executing attacks that are smaller and less complex. Terrorist networks continue to demonstrate interest in obtaining WMD. Foreign terrorist groups affiliated with al Qa'ida, as well as individual terrorist leaders, may seek to recruit or inspire Westerners to carry out attacks against our homeland with little or no warning. Homegrown violent extremists, for instance, have attacked DoD personnel and installations. Even groups that are unable to cause harm on U.S. soil may still threaten U.S. interests and personnel overseas. The possibility that rapidly-developing threats, including violent protests and terrorist attacks, could escalate quickly and directly threaten U.S. interests at home and abroad is a significant challenge for the United States.



A Soldier assigned to 1st Battalion, 72nd Armor Regiment, 1st Armored Brigade Combat Team, 2nd Infantry Division provides security during an anti-terrorism force protection exercise at Camp Casey, ROK. (U.S. Army photo by Sgt. Michael Dator)

Climate change poses another significant challenge for the United States and the world at large. As greenhouse gas emissions increase, sea levels are rising, average global temperatures are increasing, and severe weather patterns are accelerating. These changes, coupled with other global dynamics, including growing, urbanizing, more affluent populations, and substantial economic growth in India, China, Brazil, and other nations, will devastate homes, land, and infrastructure. Climate change may exacerbate water scarcity and lead to sharp increases in food costs. The pressures caused by climate change will influence resource competition while placing additional burdens on economies, societies, and governance institutions around the world. These effects are threat multipliers that will aggravate stressors abroad such as poverty, environmental degradation, political instability, and social tensions – conditions that can enable terrorist activity and other forms of violence.

U.S. Strengths and Opportunities

In addressing this challenging environment, the United States will rely upon our many comparative advantages. The U.S. economy, which is strengthening following the global economic crisis, remains the foundation of U.S. power. Our economic strength is closely tied to a stable international order, underwritten by the U.S. military's role and that of our allies and partners in ensuring freedom of access and the free flow of commerce globally. Shale gas discoveries and new technologies allowing access to hydrocarbon deposits appear likely to enable the United States to be a net energy exporter in the coming decades. Overall, future prospects for the U.S. economy are strong.

Built on a foundation of common interests and shared values, the strength of U.S. alliances and partnerships is unparalleled. People around the world gravitate toward the freedom, equality, rule of law, and democratic governance that American citizens are able to enjoy. From setting global norms to defeating terrorist threats and providing humanitarian assistance, the United States collaborates with allies and partners to accomplish a wide range of strategic, operational, and tactical goals. We leverage U.S. leadership and capabilities to drive global cooperation on security challenges in the United Nations and other multilateral fora. In recent years alone, we have cooperated with European allies and partners on operations in Afghanistan and Libya and have joined forces with Asian allies and partners on regional security issues. These and other key networks of alliances and partnerships, many of which are with other leading global military powers, will undergird the ability of the United States to face future crises and contingencies.

Finally, the U.S. military remains well-positioned to leverage our technological and human capital strengths. The United States will remain a global leader in creative development and use of technology. U.S. innovations in warfighting, which have provided key capability advantages in areas such as undersea warfare, are built on the continued strength of our defense industrial base, a national asset that the Department of Defense is committed to supporting. Advanced technology, in addition to providing new combat capabilities, will continue providing life-altering advances for the treatment of Soldiers, Sailors, Airmen, and Marines. And our Service members' ability to fight – honed through rigorous training in the classroom and hard-earned experiences on the battlefield alike – will remain second to none.



A U.S. Marine greets a child during the annual Japan Air Self-Defense Force Nyutabaru Air Base Air Show in Okinawa, Japan. (U.S. Marine Corps photo by Cpl. Benjamin Poyer)



CHAPTER II: THE DEFENSE STRATEGY

CHAPTER II: THE DEFENSE STRATEGY

The United States underwrites global security by exercising leadership in support of four core national interests:

- The security of the United States, its citizens, and U.S. allies and partners;
- A strong, innovative, and growing U.S. economy in an open international economic system that promotes opportunity and prosperity;
- Respect for universal values at home and around the world; and
- An international order advanced by U.S. leadership that promotes peace, security, and opportunity through stronger cooperation to meet global challenges.

The military is just one of many tools we as a nation have to protect our national interests. Whenever possible, we seek to pursue these interests through diplomacy, economic development, cooperation and engagement, and through the power of our ideas. When necessary, the United States and our allies have shown the willingness and the ability to resort to force in defense of our national interests and the common good. To ensure the military can answer that call, the Department of Defense must be prepared to execute a wide range of contingencies.

The role of the Department of Defense in supporting U.S. interests is rooted in our efforts to reduce the potential for conflict, by deterring aggression and coercive behavior in key regions, and by positively influencing global events through our proactive engagement. Any decision to commit U.S. forces to hostile environments should be based not only on the likely costs and expected risks of military action but fundamentally on the nature of the national interests at stake. Protecting the security of the United States and its citizens is a vital national interest. If the security of the Nation is at risk, our national leadership will be prepared to use force and to do so unilaterally if necessary. We will ensure that our military remains global, capable, and sustainable so that our diplomacy can always be reinforced as needed by credible military force. We will be principled and selective when using military force and do so only when necessary and in accordance with all applicable law, as well as with U.S. interests and U.S. values.

The 2014 QDR represents an evolution of this Administration’s prior defense reviews. The 2010 QDR was fundamentally a wartime strategy. It balanced near-term efforts to prevail in Iraq and Afghanistan with longer-term imperatives to prevent and deter conflict, and to prepare for a wide range of future contingencies, all while preserving and enhancing the health of the All-Volunteer Force. The 2012 Defense Strategic Guidance described a set of 21st century defense priorities and began the Department’s transition from conducting ongoing wars to preparing for future challenges, while also guiding how the Department would absorb \$487 billion in spending cuts required under the Budget Control Act.

Protecting and advancing U.S. interests, consistent with the National Security Strategy, the 2014 QDR embodies the 21st century defense priorities outlined in the 2012 Defense Strategic Guidance. These priorities include rebalancing to the Asia-Pacific region to preserve peace and stability; maintaining a strong commitment to security and stability in Europe and the Middle East; sustaining a global approach to countering violent extremists and terrorist threats, with an emphasis on the Middle East and Africa; continuing to protect and prioritize key investments in technology, while our forces overall grow smaller and leaner; and invigorating efforts to build innovative partnerships and strengthen key alliances and partnerships. The 2014 QDR builds on these priorities and incorporates them into a broader strategic framework. As the United States completes the transition in Afghanistan, this updated national defense strategy is intended to protect and advance U.S. interests, sustain U.S. leadership, and take advantage of strategic opportunities. The Department’s defense strategy emphasizes three pillars:

- *Protect the Homeland.* Maintaining the capability to deter and defeat attacks on the United States is the Department’s first priority, and reflects an enduring commitment to securing the homeland at a time when non-state and state threats to U.S. interests are growing. Protection of the homeland will also include sustaining capabilities to assist U.S. civil authorities in protecting U.S. airspace, shores, and borders, and in responding effectively to domestic man-made and natural disasters.
- *Build Security Globally.* Continuing a strong U.S. commitment to shaping world events is essential to deter and prevent conflict and to assure our allies and partners of our commitment to our shared security. This global engagement is fundamental to U.S. leadership and influence.
- *Project Power and Win Decisively.* The ability of the U.S. Armed Forces to deter acts of aggression in one or more theaters by remaining capable of decisively defeating adversaries is critical to preserving stability and is fundamental to our role as a global leader. U.S. Armed Forces also project power to provide humanitarian assistance and disaster relief.

These pillars are mutually reinforcing and interdependent. Our nuclear deterrent is the ultimate protection against a nuclear attack on the United States, and through extended deterrence, it also serves to reassure our distant allies of their security against regional aggression. It also supports our ability to project power by communicating to potential nuclear-armed adversaries that they cannot escalate their way out of failed conventional aggression. Building security globally not only assures allies and partners and builds partnership capacity, but also helps protect the homeland by deterring conflict and increasing stability in regions like the Middle East and North Africa. Our ability to project forces to combat terrorism in places as far away as Yemen, Afghanistan, and Mali – and to build capacity to help partners counter terrorism and counter the proliferation and use of WMD – reduces the likelihood that these threats could find their way to U.S. shores.

Funding levels requested by the President for the Fiscal Year (FY) 2015 will allow the military to protect and advance U.S. interests and fulfill the updated defense strategy – but with increased levels of risk for some missions. The Department can manage these risks under the President’s FY2015 Budget plan, but the risks would grow significantly if sequester-level cuts return in FY2016, if proposed reforms are not accepted, or if uncertainty over budget levels continues.

PILLARS OF THE U.S. DEFENSE STRATEGY

Protect the Homeland

The most fundamental duty of the Department of Defense is to protect the security of U.S. citizens. The homeland is no longer a sanctuary for U.S. forces, and we must anticipate the increased likelihood of an attack on U.S. soil. Against a varied, multi-faceted, and growing set of threats, we continue to take an active, layered approach to protecting the homeland. We will maintain steady-state force readiness, resilient infrastructure to support mission assurance, and a



Soldiers of the 1140th Engineer Battalion, civilian first responders, and local residents work quickly to build a three-foot sandbag wall to prevent possible flood waters from closing a Missouri highway intersection. (Photo by Michelle Queiser/Missouri National Guard)

robust missile defense capability to defend the homeland against a limited ballistic missile attack. The Department will sustain a modernized continuity of operations and continuity of government posture and will prepare to support civil authorities if needed.

Advances in missile technology and the proliferation of these capabilities to new actors represent a growing challenge to the U.S. military's defense of the homeland. We must stay ahead of limited ballistic missile threats from regional actors such as North Korea and Iran, seeking to deter attacks or prevent them before they occur. To do this, we are increasing our emphasis on actively countering ballistic missile challenges by detecting missiles and continuously defending the U.S. homeland at longer ranges and at all altitudes. The ability to deter and defeat these kinds of threats protects the United States, reassures our allies and partners, and preserves strategic stability with Russia and China.

The fundamental role of U.S. nuclear forces is to deter nuclear attack on the United States, as well as on our allies and partners. The United States will continue to reduce the role of nuclear weapons in deterring non-nuclear attack. However, nuclear forces continue to play a limited but critical role in the Nation's strategy to address threats posed by states that possess nuclear weapons and states that are not in compliance with their nuclear nonproliferation obligations. Against such potential adversaries, our nuclear forces deter strategic attack on the homeland and provide the means for effective responses should deterrence fail. Our nuclear forces contribute to deterring aggression against U.S. and allied interests in multiple regions, assuring U.S. allies that our extended deterrence guarantees are credible, and demonstrating that we can defeat or counter aggression if deterrence fails. U.S. nuclear forces also help convince potential adversaries that they cannot successfully escalate their way out of failed conventional aggression against the United States or our allies and partners.

The United States will continue to maintain safe, secure, and effective nuclear forces while reducing our strategic nuclear forces in accordance with the New START Treaty. We will pursue further negotiated reductions with Russia. In a new round of negotiated reductions, the United States would be prepared to reduce ceilings on deployed strategic warheads by as much as one-third below New START levels. The United States will also work with our NATO allies to seek bold reductions in U.S. and Russian non-strategic nuclear weapons in Europe.

As the frequency and complexity of cyber threats grow, we will continue to place high priority on cyber defense and cyber capabilities. The Department of Defense will deter, and when approved by the President and directed by the Secretary of Defense, will disrupt and deny adversary cyberspace operations that threaten U.S. interests. To do so, we must be able to defend the integrity of our own networks, protect our key systems and networks, conduct effective cyber operations overseas when directed, and defend the Nation from an imminent,

destructive cyberattack on vital U.S. interests. U.S. forces will abide by applicable laws, policies, and regulations that protect the privacy and civil liberties of U.S. persons. Further, the Department will operate consistent with the policy principles and legal frameworks associated with the law of war.

Deterring and defeating cyber threats requires a strong, multi-stakeholder coalition that enables the lawful application of the authorities, responsibilities, and capabilities resident across the U.S. Government, industry, and international allies and partners. We support the Federal government cybersecurity team and will continue working with the Department of Homeland Security (DHS) to improve critical infrastructure cybersecurity, and with DHS and the Federal Bureau of Investigation to support law enforcement activities. The Department of Defense remains committed to working with industry and international partners as well, sharing threat information and capabilities to protect and defend U.S. critical infrastructure, including in our role as the sector-specific agency for the defense industrial base. We will ensure that international alliances and partnerships remain relevant to challenges in the threat environment by helping these partners improve their own cyber defense capabilities and mitigate shared cyber threats through mutual action.

In addition to countering high-technology threats to the homeland, the Department of Defense will also remain able to defend against less advanced but still potentially lethal challenges. We will be prepared to deter, and if necessary, defend against direct air and maritime attacks. We will maintain persistent air domain awareness and capable, responsive defense forces. We will also provide support to civil authorities in the event of a domestic crisis. The American people expect the Department of Defense to assist civil authorities in saving and sustaining lives after natural and man-made disasters, including extreme weather events, pandemics, and industrial accidents.

The surest way to stop potential attacks is to prevent threats from developing. Defeating terrorist attacks in the United States from the highly diversified and increasingly networked terrorist threat requires an equally diverse and networked counter effort. The Department of Defense's activities to protect the homeland do not stop at our nation's borders. We will



U.S. Air Force technicians assigned to the 354th Communications Squadron support the new Air Force Network system enhancing cyber capabilities, by providing network oversight to all U.S. Air Force installations. (U.S. Air Force photo by Staff Sgt. Christopher Boitz)

collaborate with interagency and international partners to tackle root drivers of conflict, including building capacity with allied and partner militaries, and to sustain a global effort to detect, disrupt, and defeat terrorist plots. Global prevention, detection, and response efforts are essential to address dangers across the WMD spectrum before they confront the homeland. For instance, the Department of Defense remains committed to funding global cooperative efforts to reduce proliferation and threats of WMD. This includes preventing the acquisition of, accounting for, securing, and destroying as appropriate WMD abroad – a process that is ongoing in Syria.

Build Security Globally

The U.S. military forward and rotationally deploys forces – which routinely provide presence and conduct training, exercises, and other forms of military-to-military activities – to build security globally in support of our national security interests. In support of these goals, the Department will continue rebalancing how we posture ourselves globally. As we rebalance, we will continue to operate in close concert with allies and partners to establish norms and confront common threats, because no country alone can address the globalized challenges we collectively face.



U.S. Army Sgt. 1st Class, assigned to the 12th Combat Aviation Brigade, carries supplies from a UH-60A Black Hawk to deliver to citizens in Montenegro stranded by severe weather. A U.S. task force provided humanitarian assistance after record snowfalls left tens of thousands in the country's mountainous north unable to receive food, fuel, or medical assistance. (U.S. Army photo by Sgt. Edwin M. Bridges)

U.S. interests remain inextricably linked to the peace and security of the Asia-Pacific region. The Department is committed to implementing the President’s objective of rebalancing U.S. engagement toward this critical region. Our enduring commitment to peace and security in the Asia-Pacific region requires a sustained ability to deter aggression, operate effectively across all domains, and respond decisively to emerging crises and contingencies. In support of these goals, we are enhancing and modernizing our defense relationships, posture, and capabilities across the region.

The centerpiece of the Department of Defense commitment to the U.S. Government’s rebalance to the Asia-Pacific region continues to be our efforts to modernize and enhance our security alliances with Australia, Japan, the ROK, the Philippines, and Thailand. We are taking steps with each of our allies to update our combined capacity and to develop forward-looking roles and missions to address emerging regional challenges most effectively. We are also

deepening our defense relationships with key partners in the region, such as Singapore, Malaysia, Vietnam, and many others. Through both our alliances and partnerships, we are focused on enhancing our partners' capacity to address growing regional challenges in areas such as missile defense, cyber security, space resilience, maritime security, and disaster relief. With China, the Department of Defense is building a sustained and substantive dialogue with the People's Liberation Army designed to improve our ability to cooperate in concrete, practical areas such as counter-piracy, peacekeeping, and humanitarian assistance and disaster relief. At the same time, we will manage the competitive aspects of the relationship in ways that improve regional peace and stability consistent with international norms and principles.



U.S. Navy Officer from USS Mason discusses techniques with Chinese sailors aboard the Chinese destroyer Harbin before a combined small-arms exercise in the Gulf of Aden. (U.S. Navy photo by Petty Officer 2nd Class Rob Aylward)

Underpinning all of the Department's engagements in the Asia-Pacific region is our commitment to key principles and values that are essential to regional peace and security. We are working to support and expand the flourishing network of multilateral organizations and engagements that are taking root in the region. We are focused on promoting responsible behaviors and establishing mechanisms that will prevent miscalculation and disruptive regional competition and avoid escalatory acts that could lead to conflict. This includes supporting trilateral engagements and exercises, as well as strengthening ASEAN's central role in the region through participation in institutions such as the ASEAN Defense Ministers' Meeting-Plus.

As we end combat operations in Afghanistan, we are prepared to transition to a limited mission focused on counterterrorism and training, advising, and assisting Afghan security forces. We will continue efforts to help stabilize Central and Southwest Asia and deepen our engagement in the Indian Ocean region to bolster our rebalance to Asia. The stability of Pakistan and peace in South Asia remain critical to this effort. The United States supports India's rise as an increasingly capable actor in the region, and we are deepening our strategic partnership, including through the Defense Trade and Technology Initiative.

The United States will retain a deep, enduring interest in and a commitment to a stable Middle East. We will seek to deepen our strategic cooperation with Middle East partners based on common, enduring interests. We will strengthen joint planning with allies and partners to

operate multilaterally, across domains, and to counter challenges to access and freedom of navigation. The Department will develop new or expanded forums to exchange views with allies and partners on the threats and opportunities facing the Gulf, particularly through the multilateral forum of the Gulf Cooperation Council (GCC). The Department plans to pursue a U.S.-GCC Defense Ministerial in 2014 and deepen U.S.-GCC ballistic missile defense cooperation. The United States will continue to seek more innovative and flexible approaches to meeting its enduring commitment to a secure Middle East.

The United States will also remain active in other parts of the world. We have deep and abiding interests in a European partner that is militarily capable and politically willing to join with the United States to address future security challenges. Our commitment to the NATO Alliance is steadfast and resolute, and the United States will work with allies and partners to ensure NATO remains a modern and capable alliance. U.S. forces work closely with the nations of Europe on a wide range of shared goals, including strengthening NATO military capability and interoperability, counterterrorism efforts, maintaining shared strategic and operational access, and building the capacity of other global partners. Through continued defense cooperation, the Department will continue to promote regional security, Euro-Atlantic integration, and enhanced capacity and interoperability for coalition operations. We will continue to adapt the U.S. defense posture in Europe to support U.S. military operations worldwide while also conducting a range of prevention, deterrence, and assurance-related activities in Europe itself.

U.S. engagement in the Western Hemisphere is aimed at promoting and maintaining regional stability. The Department will focus its limited resources on countries that want to partner with the United States and demonstrate a commitment to investing the time and resources required to develop and sustain an effective, civilian-led enterprise. We will emphasize building defense institutional capacity, increasing interoperability with the United States and other like-minded partners, and supporting a system of multilateral defense cooperation such as the Conference of Defense Ministers of the Americas and the Inter-American Defense Board to respond to shared challenges.



Burundi soldiers prepare to load onto a U.S. C-17 Globemaster at Bujumbura Airport, Burundi. In coordination with the French military and the African Union, the U.S. military provided airlift support to transport Burundi soldiers, food, and supplies in the Central African Republic. (U.S. Air Force photo by Staff Sgt Erik Cardenas)

The United States remains focused on maximizing our impact throughout Africa by actively working with key partners to foster stability and prosperity. Many African countries are undertaking efforts to address the wide range of challenges they face, by improving their governance institutions, strengthening rule of law, and protecting borders more effectively. The U.S. Armed Forces cooperate with counterparts on counterterrorism and counter-piracy efforts, partnership capacity building – especially for peacekeeping – and crisis and contingency response. Recent engagements in Somalia and Mali, in which African countries and regional organizations are working together with international partners in Europe and the United States, may provide a model for future partnerships.

Project Power and Win Decisively

Our posture of global engagement is the foundation from which the United States responds to crises when required. For more than sixty years, the United States has maintained unmatched capabilities to project large-scale military power over great distances. Our power projection capabilities include ready and trained forces in the United States, the ability of our forces to move rapidly from place to place, and our forces' ability to operate anywhere around the world. These capabilities have allowed our Nation to advance its interests worldwide, influencing events far from our shores and helping to bring stability to conflict-prone regions.

As the Department rebalances toward greater emphasis on full-spectrum operations, maintaining superior power projection capabilities will continue to be central to the credibility of our Nation's overall security strategy.

Although our forces will no longer be sized to conduct large-scale, prolonged stability operations, we will preserve the expertise gained during the past ten years of counterinsurgency and stability operations in Iraq and Afghanistan. We will protect the ability to regenerate capabilities that might be needed to meet future demands.

Joint Forces will be prepared to battle increasingly sophisticated adversaries who could employ advanced warfighting capabilities while simultaneously attempting to deny U.S. forces the advantages they currently enjoy in space and cyberspace. To counter these challenges, the U.S. Armed Forces will not only invest in new systems and infrastructure but also continue to develop innovative operational concepts that confound adversary strategies. The United States



The Enterprise Carrier Strike Group transits the Atlantic Ocean, supporting maritime security operations and theater security cooperation efforts in the U.S. 6th Fleet area of responsibility. (U.S. Navy photo by Petty Officer 3rd Class Scott Pittman)

will continue modernizing our regional defense capabilities, including deploying advanced air and missile defense systems; fifth-generation fighters; long-range strike; intelligence, surveillance, and reconnaissance (ISR); and updated models of critical naval assets. The Department will also improve the resilience of air, naval, ground, space, and missile-defense capabilities, even in the face of large-scale, coordinated attacks. Maintaining our ability to project power will also require exploiting, extending, and gaining advantages in cyber and space control technologies, as well as in unmanned systems and stand-off weapons.

U.S. global communications and military operations depend on freedom of access in space, making security in this domain vital to our ability to project power and win decisively in conflict. The Department will pursue a multi-layered approach to deter attacks on space systems while retaining the ability to respond, should deterrence fail. This will require continuing to develop capabilities, plans, and options to defend against and, if necessary, defeat adversary efforts to interfere with or attack U.S. or allied space systems. We will continue to improve the resilience and affordability of critical space architectures. Growing commercialization and international investment in space will also provide opportunities to diversify space capabilities. All of the Department's initiatives in space will continue to be underpinned by U.S. Government efforts to work with industry, allies, and other international partners to shape rules of the road in this domain.

We will retain and strengthen our power projection capabilities so that we can deter conflict, and if deterrence fails, win decisively against aggressors. The North Korean regime continues to pursue interests counter to those of the United States. Faced with this threat, the United States is committed to maintaining peace and security on the Korean Peninsula and closely monitors the situation through military and diplomatic channels in coordination with the ROK, Japan, China, and Russia. The U.S. Armed Forces will continue their close collaboration with the ROK military to deter and defend against North Korean provocations. The ROK military is a highly capable, professional force that is increasing its ability to lead the defense of Korea. The United States trains regularly with members of the ROK military and participates in a variety of bilateral and multilateral exercises aimed at increasing interoperability.



F-35A Lightning IIs perform an aerial refueling mission with a KC-135 Stratotanker, off the coast of Florida. The 33rd Fighter Wing at Eglin Air Force Base trains Air Force, Marine, Navy, and international partner operators and maintainers of the F-35 Lightning II. (U.S. Air Force photo by Master Sgt. Donald R. Allen)

The United States is also committed to ensuring it has the capability to win decisively in conflicts in the Middle East. Over the past five years, a top Administration priority in the Middle East has been preventing Iran from acquiring a nuclear weapon, pursued through a multilateral, multi-pronged strategy combining diplomacy, international economic pressure, and the resolve to keep military options on the table. The November 2013 Joint Plan of Action in the P5-plus-one nuclear negotiations with Iran represents only a first step toward a longer-term comprehensive solution. Concerns over Iran's destabilizing influence as well as the uncertain trajectory of the greater Middle East will require the United States and our regional partners to remain capable of defeating aggression in this volatile region. As diplomacy on nuclear issues continues, the Department will maintain all options on the table and counter other threats that Iran poses in the region, including development of mid- and long-range missiles and support to terrorists and insurgents.

Maintaining power projection capabilities that can counter not only state threats but also non-state threats is also increasingly critical. The United States will maintain a worldwide approach to countering violent extremists and terrorist threats using a combination of economic, diplomatic, intelligence, law enforcement, development, and military tools. The Department of Defense will rebalance our counterterrorism efforts toward greater emphasis on building partnership capacity especially in fragile states, while still retaining robust capabilities for direct action, including intelligence, persistent surveillance, precision strike, and Special Operations Forces (SOF). We will remain focused on countering the proliferation and use of WMD, which continues to undermine global security. The Department will continue to cooperate with regional partners to disrupt, dismantle, and defeat al Qa'ida and other extremist threats. We will remain vigilant to threats posed by other designated terrorist organizations, such as Hezbollah and Hamas. As these threats continue to diversify and adapt, we will increase the use of special operations capabilities to maintain security and preserve the element of surprise.

Given the threat of violent protests and terrorist attacks that can imperil U.S. citizens and interests abroad, the United States is committed to improving the security of U.S. installations and personnel. The Department will work with the State Department and host nations to



Soldiers of the U.S. Army 10th Mountain Division's Headquarters Company, 3rd Brigade Combat Team conduct live-fire range training with M4 carbines in Afghanistan's Paktiya province. (U.S. Army photo by Pfc. Dixie Rae Liwanag)

develop proactive measures to augment security of U.S. facilities overseas, and we will be prepared to respond to a range of contingencies.

Finally, U.S. power projection capabilities are not only about defeating threats. From responding to crises to executing non-combatant evacuations and partnering with civilian agencies to conduct humanitarian disaster relief missions, the U.S. Armed Forces project power to provide stability when countries or regions need it most.

FORCE PLANNING CONSTRUCT

Consistent with the requirements of the updated defense strategy and resourced at the President's Budget level, FY2015 – 2019 Future Years Defense Program (FYDP) forces, in aggregate, will be capable of simultaneously defending the homeland; conducting sustained, distributed counterterrorist operations; and in multiple regions, deterring aggression and assuring allies through forward presence and engagement. If deterrence fails at any given time, U.S. forces could defeat a regional adversary in a large-scale multi-phased campaign, and deny the objectives of – or impose unacceptable costs on – another aggressor in another region.

The President's FY2015 Budget provides the resources to build and sustain the capabilities to conduct these operations, although at increased levels of risk for some missions. With the President's Budget, our military will be able to defeat or deny any aggressor. Budget reductions inevitably reduce the military's margin of error in dealing with risks, and a smaller force strains our ability to simultaneously respond to more than one major contingency at a time. The Department can manage these risks under the President's FY2015 Budget plan, but the risks would grow significantly if sequester-level cuts return in FY2016, if proposed reforms are not accepted, or if uncertainty over budget levels continues.

A FOUNDATION OF INNOVATION AND ADAPTATION

Across the three pillars of the defense strategy, the Department is committed to finding creative, effective, and efficient ways to achieve our goals and in making hard strategic choices. Innovation – within our own Department and in our interagency and international partnerships – is a central line of effort. Infusing a culture of innovation and adaptability that yields tangible results into an organization as large as the Department of Defense is by necessity a long-term, incremental undertaking. We will actively seek innovative approaches to how we fight, how we posture our force, and how we leverage our asymmetric strengths and technological advantages. Innovation is paramount given the increasingly complex warfighting environment we expect to encounter.

The past twelve years of conflict in Iraq and Afghanistan have spurred tremendous tactical and technical innovation as the U.S. Armed Forces grew more experienced and interoperable. All four Services and the U.S. Special Operations Command have made greater use of unmanned aerial systems in support of a wide array of joint missions, developing new generations of platforms and sensors capable of providing long-dwell coverage across the battlespace. Improved intelligence capabilities and processes have enabled effective targeting and engagement of high-value, elusive targets. By helping to build both the Iraqi and Afghan armed forces, U.S. forces learned valuable lessons about how to train, advise, and assist partner nation forces more effectively. Improvements in these and other areas are already being codified in doctrine, tactics, education, training, and elsewhere.



An unmanned underwater vehicle submerges during International Mine Countermeasures Exercise (IMCMEX) 13 in the U.S. 5th Fleet Area of Responsibility. The USS Ponce operates in the background. (U.S. Navy photo by Mass Communication Specialist 1st Class Daniel Gay)

Lessons that U.S. forces absorbed in Iraq and Afghanistan will remain invaluable as the Department turns its attention to future challenges. To most effectively prepare for wartime engagements, Combatant Commanders will invigorate their efforts to adjust contingency planning to reflect more clearly the changing strategic environment. Even when we are at peace, U.S. forces cannot be everywhere all of the time, and so the Department is pursuing a set of creative new presence paradigms to manage and employ our forces to enhance overseas presence and activities. The following examples demonstrate some of the concrete steps the Department is pursuing:

- Positioning additional forward-deployed naval forces in critical areas, such as the Asia-Pacific region, to achieve faster response times and additional presence at a lower recurring cost;
- Deploying new combinations of ships, aviation assets, and crisis response forces that allow for more flexible and tailored support to regional Combatant Command steady-state and contingency requirements;
- Employing regionally-focused forces to provide additional tailored packages that achieve critical global and regional objectives, including in critical areas such as the Asia-Pacific region;

- Optimizing the use of multilateral, joint training facilities overseas in order to increase readiness and interoperability with our allies and partners;
- Developing concepts, posture and presence options, and supporting infrastructure to exploit the Department's investment in advanced capabilities rapidly, such as the Joint Strike Fighter;
- Extending the life of ships in innovative ways to get longer use out of our investments; and
- Pursuing access agreements that provide additional strategic and operational flexibility in case of crisis.

A further key element of the Department's strategic commitment to innovate and adapt includes working with allies and partners, especially Gulf countries and those in Asia, to facilitate greater contributions to their own defense and, in the case of Europe, to facilitate greater security contributions across regions. The Department is developing strategically complementary approaches to deepen cooperation with close allies and partners, including more collaboratively planning our roles and missions and investments in future capabilities. Doing so not only helps our allies and partners develop the capabilities most needed to defend themselves, but also enables them to work more closely and more effectively with the United States. Going forward, we will thoroughly reflect the evolving capacity of our allies and partners in our defense planning efforts.

For example, the United States will work with the United Kingdom and Australia to enhance collaboration between our respective defense planning processes. The United States is working with the United Kingdom to regenerate its aircraft carrier capability in the future, which will enable interoperable use of advanced fighters and allow more flexible options for combined employment of our forces, particularly to project power in key regions of the world. The United States and Australia are working toward full implementation of U.S. force posture initiatives in northern Australia, as both countries enhance collaboration between their planning processes to strengthen interoperability and cooperation, with a focus on submarine systems and weapons, helicopters, and combat and transport aircraft.



British Royal Navy destroyer HMS Daring operates alongside the U.S. aircraft carrier USS Carl Vinson in the U.S. 5th Fleet area of responsibility. (Photo: Leading Airman (Photographer) Keith Morgan RN. Crown Copyright, UK Government)

The Department is also working on its investment portfolio – as well as with our closest allies – to better align our investments and ensure that our activities complement one another’s mutual priorities. The United States has long relied on technically superior equipment and systems to counter adversaries. Our technological superiority has allowed largely unfettered access to project power where needed. However, this superiority is being challenged by increasingly capable and economically strong potential adversaries that are likely developing and fielding counters to some or all of the key technologies on which the United States has come to rely. To maintain superiority, it will be necessary for the military to develop new capabilities, tactics, techniques, and procedures to continue to be effective.

While the global technology landscape indicates that the United States should not plan to rely on unquestioned technical leadership in all fields, the Department must ensure that technological superiority is maintained in areas most critical to meeting current and future military challenges. The Department has invested in energy efficiency, new technologies, and renewable energy sources to make us a stronger and more effective fighting force. Energy improvements enhance range, endurance, and agility, particularly in the future security environment where logistics may be constrained.

Finally, the Department will employ creative ways to address the impact of climate change, which will continue to affect the operating environment and the roles and missions that U.S. Armed Forces undertake. The Department will remain ready to operate in a changing environment amid the challenges of climate change and environmental damage. We have increased our preparedness for the consequences of environmental damage and continue to seek to mitigate these risks while taking advantage of opportunities. The Department’s operational readiness hinges on unimpeded access to land, air, and sea training and test space. Consequently, we will complete a comprehensive assessment of all installations to assess the potential impacts of climate change on our missions and operational resiliency, and develop and implement plans to adapt as required.

Climate change also creates both a need and an opportunity for nations to work together, which the Department will seize through a range of initiatives. We are developing new policies, strategies, and plans, including the Department’s Arctic Strategy and our work in building humanitarian assistance and disaster response capabilities, both within the Department and with our allies and partners.



Student veteran, Lucas Bultema (right), is part of the Energy Systems Technology Evaluation Program, an innovative Office of Naval Research program that helps student veterans find high-level, meaningful opportunities in energy-related fields within the Navy and Marine Corps. (U.S. Navy photo by John F. Williams)



CHAPTER III: REBALANCING THE JOINT FORCE

CHAPTER III: REBALANCING THE JOINT FORCE

Informed by the changing strategic environment and consistent with our updated defense strategy, the Department of Defense is responsibly and realistically taking steps to rebalance major elements of the Joint Force. After more than twelve years of conflict and amid ongoing budget reductions, the Joint Force is currently out of balance. Readiness levels already in decline from this period of conflict were significantly undercut by the implementation of sequestration in FY2013, and the force has not kept pace with the need to modernize.

The Department of Defense will continue to face a challenging fiscal environment. Beginning with FY2012 Budget appropriations, the Department began absorbing significant impacts from a \$487 billion, ten-year cut in spending due to caps instituted by the Budget Control Act (BCA) of 2011. The BCA also instituted a sequestration mechanism requiring additional cuts of about \$50 billion annually through FY2021. The Bipartisan Budget Act of 2013 provided modest immediate relief from sequestration, but unless Congress acts, annual sequestration cuts are set to resume in FY2016. Acknowledging the current fiscal environment, the President's FY2015 Budget reduces the defense budget by about another \$113 billion over 5 years compared to levels in the FY2014 Budget request. It reflects the strict constraints on discretionary funding required by the Bipartisan Budget Act in FY2015, but does not accept sequestration levels thereafter, and funds the Department at about \$115 billion more than projected sequestration levels over the 5-year period. Compared to sequestration-level cuts, the President's Budget provides a more prudent and strategic approach to managing declining resources given fiscal uncertainty. In support of the strategy, the Joint Force will become smaller across the FYDP, but will gradually become more modern as well, with readiness returning to pre-sequestration levels.

Taking the prudent steps outlined in this QDR in the near term will improve the Department's ability to meet our national security needs should the fiscal outlook not improve. The longer critical decisions are delayed in the hope that the budget caps will be raised, the more difficult and painful those decisions will be to implement, and the more damaging they will be to our ability to execute the strategy if no additional resources are made available. These decisions – which are reflected in the President's FY2015 Budget – are intended to protect key priorities and minimize risk.

AIR FORCE

Airpower is vital to the Department's ability to project power globally and to rapidly respond to contingencies. The Air Force brings capabilities critical to national security in the air, in space, and in cyberspace and will continue to improve performance in each. We will incorporate next-generation equipment and concepts into the force to address sophisticated threats. Key priorities include continuing plans to field a new generation of combat aircraft and making advancements in cyber capabilities, avionics, weapons, tactics, and training. The Air Force will prioritize its most critical modernization efforts, including:

- The multi-role, fifth-generation F-35 fighter, which will provide improved survivability and an integrated suite of sensors to recapitalize the bulk of its fighter fleet;
- A new, stealthy, long-range strike aircraft, to maintain the ability to operate from long ranges, carry substantial payloads, and operate in and around contested airspace; and
- The KC-46A next-generation tanker/cargo aircraft to replace the legacy tanker fleet, to enable efficient and rapid long-range deployments.

To free resources for these investments, the Air Force will make near-term capacity reductions in mission areas such as lift, command and control, and fighters. If sequestration-level cuts are imposed in FY2016 and beyond, the Air Force would have to retire 80 more aircraft, including the entire KC-10 tanker fleet and the Global Hawk Block 40 fleet, slow down purchases of the Joint Strike Fighter, sustain ten fewer Predator and Reaper 24-hour combat patrols, and take deep cuts to flying hours.

ARMY

Ground forces will remain an indispensable element of this Nation's ability to preserve peace and stability. Since their inception, Army forces have been employed to win and safeguard our freedom, deter and defeat aggression, render aid to civilian populations, build and sustain

alliances, develop the security forces of other nations to enhance collective security and respect human rights and civilian governance, and defend our national interests. The end of U.S.-led combat operations in Afghanistan provides the Army with an opportunity to prepare more broadly for the full range of future challenges that will likely require the employment of ground forces. A globally-engaged, modern, trained, and ready Army will need to be capable of conducting a wide spectrum of operations – from support to civil authorities in the homeland to security force assistance to major combat operations, and from deterring aggression to having the ability to win decisively if deterrence fails. In a fiscally constrained environment, the future U.S. Army will need to be capable of conducting prompt and sustained land combat as part of large-scale, multi-phase joint and multilateral operations, including post-conflict stability operations that transform battlefield victories into enduring security and prosperity. To restore a balanced force over time, the Army will reduce all of its components. The Regular Army will continue to reduce from its war-time high force of 570,000 to 440,000-450,000 Soldiers. The Army National Guard will continue its downsizing from a war-time high of 358,000 to 335,000 Soldiers, and the U.S. Army Reserve will reduce from 205,000 to 195,000 Soldiers.



U.S. and Indonesian Army paratroopers descend during a partnered mass-tactical airborne operation as part of exercise Garuda Shield 2013. The paratroopers are assigned to the 82nd Airborne Division's 1st Brigade Combat Team. (U.S. Army photo by Sgt. Michael J. MacLeod)

The pace of planned Army reductions will enable the Army to realize savings rapidly while not breaking the Army force, although the Army will experience readiness and modernization shortfalls in the near term. The Army's planned force reductions in all components – along with decisions to restructure Army aviation and conclude development of the Ground Combat Vehicle at the end of the current technology development phase of the program – will make available resources to eventually restore readiness levels and invest in improvements to warfighting capabilities. These include selective upgrades of combat and support vehicles and aircraft, and investments in new technologies required for 21st century warfare. If sequestration-level cuts are imposed in FY2016 and beyond, all components of the Army would be further reduced, with active duty end strength decreasing to 420,000, the Army National Guard drawing down to 315,000, and the Army Reserves reducing to 185,000.

NAVY

Building security globally and projecting power will continue to require sea power – on, above, and below the world’s oceans. The Navy will continue to build a future fleet that is able to deliver the required presence and capabilities and address the most important warfighting scenarios. Investments will focus on those assets that will ensure U.S. naval preeminence and preserve the Nation’s security and prosperity. The Navy will prioritize:

- Maintaining a credible, modern, and safe sea-based strategic deterrent, including required investments to start SSBN(X) submarine construction in FY2021; and
- Sustaining or affordably enhancing asymmetric advantages to remain ahead of or keep pace with adversary threats including offensive strike capabilities such as the Offensive Anti-Surface Warfare weapons, Next-Generation Land Attack Weapon, Virginia Payload Module, and F-35 programs.

The Navy’s ship inventory will continue to grow into the 2020s, and will be influenced by a review of the desired capabilities of the future surface fleet in view of the emerging security environment. Specifically, AEGIS cruisers will be laid up for long-term modernization which will significantly extend their useful service life and sustain the Navy’s Air Defense Commander abilities well into the 2030s. Flight III DDG-51 destroyer production plans will significantly increase air and missile defense capabilities. No new contract negotiations beyond 32 Littoral Combat Ships (LCS) will go forward. The Navy will closely examine whether the LCS has the protection and firepower to survive against a more advanced military adversary, especially in the Asia-Pacific region. The Navy will submit alternative proposals to procure a capable and lethal small surface combatant. Recapitalization of LSD-41/49-class amphibious ships will commence with advance procurement funding for LX(R) in FY2019. To sustain investment in critical force structure and modernization, the Navy will reduce its funding for contractor services by approximately \$3 billion per year to return to 2001 levels of contractor support. If sequestration-level cuts are imposed in FY2016 and beyond, the USS George Washington aircraft carrier would need to be retired before scheduled refueling and overhaul. We will have to make this decision, which would leave the Navy with ten carrier strike groups, in the 2016 budget submission.

MARINE CORPS

The Marine Corps will remain an expeditionary force in readiness, forward deployed to deter conflict, assure allies and partners, and respond to crises around the world. When access to critical regions or allies is denied or in jeopardy, rapidly employable Marine Corps forces are

trained and ready to execute amphibious operations in support of U.S. interests. In order to facilitate these operations, the Marine Corps will pursue the following steps:

- A phased acquisition approach to the Amphibious Combat Vehicle (ACV). This will enable procurement of an ACV while continuing science and technology investments in technologies and capabilities that enabled extended littoral maneuver.
- In order to invest in critical modernization of this amphibious capability, the Marine Corps will plan for an end strength of 182,000 active duty Marines, with additional cuts to 175,000 if sequestration-level cuts are imposed in FY2016 and beyond. This end strength includes almost 900 more Marines for the Embassy Security Guard program that protects U.S. interests and installations abroad.

ADJUSTING THE BALANCE BETWEEN ACTIVE AND RESERVE COMPONENTS

Achieving the right balance between the Active Component and the Reserve Component is critical to the Department's overall efforts to size and shape the future Joint Force. The Reserve Components provide critical capabilities and capacity necessary to execute our national defense strategy. More than a decade of sustained and large-scale use of Reserve Component Soldiers, Sailors, Airmen, and Marines, conducting overseas contingency operations and supporting domestic emergencies has transformed our Reserve Components to a force that is routinely and effectively engaged in a wide range of missions.

As the United States completes its mission in Afghanistan, the Reserve Components will continue to play a key role in protecting the homeland, building security globally, and projecting power and winning decisively. To meet future defense requirements, the Department will sustain Reserve Components that are capable of providing trained units and personnel to augment and complement their Active Components when needed. As the Department evolves its forces and capabilities, the Reserve Component will seek to recruit personnel with critical skill sets, retain highly experienced personnel, and maintain complementary capabilities with the Active Component.

PROTECTING KEY PRIORITIES

Particularly in an era of reduced resources, the Department will redouble its efforts to protect capabilities that are most closely aligned to the pillars of our updated defense strategy.

Protect the Homeland

The Department of Defense will continue to size and shape the Joint Force based on the need to defend the U.S. homeland, our most vital national interest.

- *Missile Defense.* The United States is increasing the number of Ground-Based Interceptors (GBI) from 30 to 44 and building depth into our sensor network. With the support of the Japanese government, we are deploying a second surveillance radar in Japan that will provide early warning and tracking of any missile launched by North Korea. To ensure the homeland is protected against the projected intercontinental ballistic missile threat in the 2020 timeframe, the Department will target investments to increase defensive interceptor reliability and effectiveness, to improve discrimination capabilities, and to establish a more robust sensor network. The Department is also studying the best location for an additional missile defense interceptor site in the United States to shorten the time required to deploy additional interceptors if needed. Allied and partner acquisition of interoperable ballistic missile defense capabilities and participation in regional deterrence and defense architectures will counter the coercive and operational value of adversary ballistic missile systems as well.
- *Nuclear.* As U.S. nuclear forces are reduced through negotiated agreements with Russia, the importance of ensuring our remaining forces are safe, secure, and effective increases. Thus, the Department of Defense, in collaboration with the Department of Energy, will continue to invest in modernizing our essential nuclear delivery systems; warheads; warning, command and control; and nuclear weapons infrastructure. These programs will ensure that the United States retains an effective triad of strategic nuclear delivery systems and forward deployable tactical aircraft capable of delivering nuclear weapons.
- *Cyber.* The Department of Defense will continue to invest in new and expanded cyber capabilities, building on significant progress made in recent years in recruiting, training, and retaining cyber personnel. A centerpiece of our efforts is the development of the



A Standard Missile 3 (SM-3) Block 1B interceptor launches from the guided missile cruiser USS Lake Erie during a Missile Defense Agency and U.S. Navy test. The SM-3 Block 1B intercepted a medium-range ballistic missile target off the coast of Kauai, Hawaii. (DoD photo by Jessica Kosanovich, Missile Defense Agency, U.S. Navy)

Department of Defense Cyber Mission Force. The Force includes Cyber Protection Forces that operate and defend the Department's networks and support military operations worldwide, Combat Mission Forces that support Combatant Commanders as they plan and execute military missions, and National Mission Forces that counter cyberattacks against the United States. The Cyber Mission Force will be manned by 2016. In addition to personnel, the Department is investing in state-of-the-art tools and infrastructure to conduct its missions. To defend its own networks, the Department is also migrating its information systems to a common, Defense-wide network infrastructure known as the Joint Information Environment (JIE). This JIE is critical to developing a more defensible network architecture and to improving network operations. The Department also will continue working with other U.S. departments and agencies, as well as with allies and partners abroad, to build their own cyber defense capabilities and mitigate shared cyber risks.

- *Air/Land/Sea.* Sustaining capacity to protect U.S. airspace, shores, and borders will remain a priority for the Department of Defense. U.S. Air Force fighters conducting Operation NOBLE EAGLE will remain on alert to defeat air threats over major cities. We will also maintain specialized ground-based air defense assets in the National Capital Region that are capable of rapidly intercepting hostile air targets. At sea, U.S. Navy assets will continue to provide maritime domain awareness and security off U.S. shores.
- *Support to Civil Authorities.* The Department will continue to reshape the ability of U.S. military forces to provide support to civil authorities when needed, and work closely with the Department's domestic agency partners. Beginning in 2010, the Department restructured domestic chemical, biological, radiological, and nuclear (CBRN) response forces, rebalancing Federal, regional, and state distributed military force contributions to the "whole-of-community" approach to national preparedness. In the coming years, we will build on improvements in preparedness for responding to major homeland natural disasters and man-made threats by better coordinating our pre- and post-incident



27th Fighter Squadron F-22 Raptor aircraft returning from deployment in support of a 40-day training exercise in Southwest Asia. (U.S. Air Force photo by Airman Rebecca Montez)

planning and response activities with domestic partners. The Department will continue working to assist the Federal civilian law enforcement agencies in preventing attacks by homegrown violent extremists and other groups that threaten the homeland.

Build Security Globally

Maintaining U.S. global posture and presence to support stability, security, and prosperity will become more challenging – but perhaps even more essential – in an environment of constrained resources. The Department will continue to rebalance our presence and posture abroad to protect U.S. national security interests more effectively.

- *Asia-Pacific.* Supporting the broader U.S. rebalance to the region, the United States will maintain a robust footprint in Northeast Asia while enhancing our presence in Oceania, Southeast Asia, and the Indian Ocean. By 2020, 60 percent of U.S. Navy assets will be stationed in the Pacific, including enhancements to our critical naval presence in Japan. This will include LCSs rotated through Singapore, a greater number of destroyers and amphibious ships homeported in the Pacific, and the deployment of surface vessels such as Joint High Speed Vessels to the region. The Department is increasing the number of U.S. naval and air forces and relocating Marines to Guam as part of our distributed laydown, which will result in a force posture that is more geographically distributed, operationally resilient, and politically sustainable. The U.S. Air Force already stations assets in the Asia-Pacific region, including tactical and long-range strike aircraft, and will move additional forces such as ISR assets to the region, operating in concert with allies and partners to improve land, air, and maritime domain awareness. The deployment of Marines to Darwin, Australia will grow with the goal of establishing a rotational presence of a 2,500 strong Marine Air Ground Task Force (MAGTF) over the coming years. Even during the past decade while engaged in two warfights, the U.S. Army maintained a viable, substantial presence on the Korean peninsula and in Northeast Asia to deter aggression and demonstrate commitment to regional stability. The end of U.S. combat in Iraq and Afghanistan will mean that forces currently



A U.S. Marine and a Philippine Army soldier distribute U.S. Agency for International Development relief supplies from an MV-22 Osprey in Luzon, Philippines, following Typhoon Haiyan. (U.S. Marine Corps photo by Capt. Caleb Eames)

allocated to these conflicts will be available to return to their assigned home stations – many of which are in the Asia-Pacific region – to support the rebalance or for other missions. These forces will resume regular bilateral and multilateral training exercises, pursue increased training opportunities to improve capabilities and capacity of partner nations, as well as support humanitarian, disaster relief, counterterrorism, and other operations that contribute to the stability of the region.

- *Middle East.* The Department will continue to maintain a strong military posture in the Gulf region – one that can respond swiftly to crisis, deter aggression, and assure our allies – while making sure that our military capabilities evolve to meet new threats. The U.S. Armed Forces today have a strong presence in the region with more than 35,000 military personnel in and immediately around the Gulf, including advanced fighter aircraft, ISR assets, missile defense capabilities, rotational ground forces building partnership capacity, and a robust naval presence. Our forces are working closely with regional partners to provide reassurance and sufficiently robust capabilities to deter and respond to an array of challenges, from terrorist, paramilitary, and conventional threats, among others. Going forward, the Department will place even more emphasis on building the capacity of our partners in order to complement our strong military presence in the region. Together, we will work closely to enhance key multilateral capabilities, including integrated air and missile defense, maritime security, and SOF. In addition to the forward posture in the region, the Department will plan to flow additional forces to the region in times of crisis.
- *Europe.* U.S. forces will continue to pursue innovative ways to strengthen the military capabilities of European allies and partners by maintaining forward-stationed forces there and providing rotational presence, including through shared allied and partner locations. Recognizing Europe’s strategic importance to operations in both Africa and the Middle East, we will work closely with host nations to improve the access and flexibility of our European basing to be able to better respond to crises in the region and beyond. We will continue to study U.S. infrastructure and headquarters in Europe to balance further consolidation in a time of fiscal austerity with our enduring responsibility to provide forces in response to crises in the region and beyond, and to train with NATO allies and partners. The Department will make every effort to enhance training with European nations, recognizing their role as primary U.S. partners in operations globally. We will continue to work to achieve a Europe that is peaceful and prosperous, and we will engage Russia constructively in support of that objective.

- *Africa.* The Department will continue to maximize the impact of a relatively small U.S. presence in Africa by engaging in high-return training and exercise events; negotiating flexible agreements; working with interagency partners; investing in new, effective, and efficient small footprint locations; and developing innovative approaches to using host nation facilities or allied joint-basing.
- *Latin America.* Working with our interagency colleagues and international partners, we will assist as appropriate in countering diversified illicit drug trafficking and transnational criminal organization networks in Latin America that are expanding in size, scope, and influence. The Department will continue to maximize the impact of U.S. presence in Latin America by continuing to foster positive security relationships with our partners to maintain peace and security of the Western Hemisphere.



A U.S. Navy Diver lowers a side-scan sonar with the help of Colombian divers during Navy Dive-Southern Partnership Station 2012, off the coast of Colombia. (U.S. Navy photo by Petty Officer 2nd Class Kathleen A. Gorby)

Project Power and Win Decisively

The ability of the United States to project large-scale military power abroad is central to protecting and advancing U.S. interests and promoting security worldwide. Sustaining superior power projection forces – enabled by mobility capabilities including airlift, aerial refueling, surface lift, sealift, and prepositioning – will remain a top priority for force planning and development, even in an austere fiscal environment.

- *Air/Sea.* The Department's investments in combat aircraft, including fighters and long-range strike, survivable persistent surveillance, resilient architectures, and undersea warfare will increase the Joint Force's ability to counter A2/AD challenges. The Department will continue to invest in a range of needed capabilities, including the Air Force, Navy, and Marine Corps commitment to the F-35 program. The Department will also deepen collaboration with key allies and partners as they develop future forces and capabilities to counter more sophisticated adversaries. Allied procurement of F-35s provides a major step toward enhancing our interoperability.
- *Ground Forces.* The ability to defeat an enemy's ground force and occupy territory is central to our ability to deter aggression, gain access, project power and win decisively. We will refine our doctrine, modernize our capabilities, and regain our proficiency to

conduct forcible entry and large-scale combined arms maneuver operations against larger and more capable adversaries than we have confronted over the past decade.

- *Space.* The Department will continue to emphasize space investments that provide enhanced resilience and the ability to deter, defend against, and defeat attacks to U.S. or allied systems. International partnerships in space situational awareness, such as the relocation of a radar and space surveillance telescope to Australia, will allow the Department to increasingly diversify, expanding coverage in key regions while yielding savings. Similarly, the Department will increasingly turn to hosted payloads, commercial imagery, and international ISR capabilities to provide diversified sources of space capabilities. Near-term investments in technology demonstrations and capabilities are needed to evolve toward more resilient architectures. Additionally, the Department is fielding new capabilities to detect and characterize interference with space systems, to enable timely attribution and response. The Department also will accelerate initiatives to counter adversary space capabilities including adversary ISR and space-enabled precision strike. These activities must be coordinated by a more dynamic, defense-focused battle management command, control, and communications architecture.
- *Counterterrorism and Special Operations.* The Department of Defense will continue to protect its capacity and capability to counter terrorist threats around the world. U.S. Special Operations Forces play a central role in these efforts, increasingly maintaining persistent forward presence to prevent crises in addition to serving as a crisis response and contingency force. The Department will grow overall SOF end strength to 69,700. We will protect the ability of SOF to sustain persistent, networked, distributed operations to defeat al Qa'ida and counter other emerging transnational threats, counter WMD, build partnership capacity for counterterrorism, deny enemy sanctuary, and conduct or support direct action, as appropriate. As forces are withdrawn from Afghanistan, more SOF will be available to support Combatant Commanders' efforts to counter a range of challenges across the globe. The demand for U.S. forces to expand the counterterrorism capabilities of allied or partner forces will likely increase in the coming years. The United States will continue to advise, train, and equip partner forces to perform essential tasks against terrorist networks, complementing U.S. activities in the field. Operations and activities in the Maghreb, Sahel, and Horn of Africa, for example, further our national security interests without a large commitment of U.S. forces.
- *Precision Strike.* Whether by air, land, or sea, the Department is prioritizing the ability to strike with precision. The Air Force will procure air-to-surface missiles that will allow both fighter and bomber aircraft to engage a wide range of targets effectively even when

the enemy's air defenses have not been fully suppressed. The Navy is also developing a new, joint, long-range anti-ship cruise missile that will improve the ability of Joint Forces to engage surface combatants in defended airspace. Although the Navy will reduce its annual purchase of Tomahawk Land Attack Cruise Missiles – which are deployed across our fleet of surface combatants and submarines – thousands of these long-range, accurate missiles will remain in the Navy's inventory.

- *Intelligence, Surveillance, and Reconnaissance (ISR).* Timely, accurate information about operational and tactical situations is essential to the effective accomplishment of any military mission. U.S. forces operate a wide range of systems to provide such information in peacetime, crisis, and conflict. In the wake of the drawdown of forces from Iraq and Afghanistan and in light of growing challenges from state adversaries, the Department will rebalance investments toward systems that will be effective in defended airspace and denied areas. We will make critical space-based systems more resilient by expanding access to commercial and allied space ISR systems. As the Department makes these investments, we will sustain capabilities appropriate for more permissive environments in order to support global situational awareness, counterterrorism, and other operations. We will extend the range of our counterterrorism airborne ISR platforms and continue to equip them with new and better sensors. Continuing a trend that began in the late 1990s, U.S. forces will increase the use and integration of unmanned aerial systems for ISR.
- *Resilience.* The Department will also improve the resilience of air, naval, ground, space, and missile-defense capabilities, even in the face of large-scale, coordinated attacks. We will pursue a number of complementary measures that, in combination, will reduce the vulnerability of U.S. forces and allow them to sustain high-tempo operations. This includes active and passive measures to enhance the resilience of overseas bases. The Department will enhance capabilities to disperse land-based and naval expeditionary forces to other bases and operating sites, providing the ability to operate and maintain front-line combat aircraft from austere bases while using only a small complement of logistical and support personnel and equipment. We will also invest in additional rapid airfield repair capabilities, as well as procure fuel bladders to ensure survivability of supplies.

RISKS

The QDR makes clear that our updated national defense strategy is right for the Nation, sustaining the role of the United States as a global leader and providing the basis for decisions that will help bring our military into balance over the next decade and responsibly prepare for

fiscal and strategic uncertainty. The United States will need to continue to make difficult and deliberate decisions about how to prioritize the use of military force and how to deploy forces to our global Combatant Commanders based on its national security interests. In the near term, U.S. forces will remain actively engaged in building partnerships and enhancing stability in key regions, but our engagement will be even more tailored and selective. We will sustain a heightened alert posture in regions like the Middle East and North Africa. When possible, we will seek to reinforce our commitment to regional security by undertaking activities such as military-to-military engagements with critical partners. Over the long term, we face the risk of uncertainty inherent to the dynamic nature of the security environment. Although the Joint Force will gradually become more modern, we will face risks as others develop and field advanced capabilities and sophisticated weapons systems. We will have less margin of error to deal with unforeseen shifts in the security environment.

The Department can manage these risks under the President's FY2015 Budget plan, but they would grow significantly if sequester-level cuts return in FY2016. The Department's approach thus provides a realistic alternative to sequestration-level cuts, sustaining adequate readiness and modernization most relevant to the Department's long-term strategic priorities. Moreover, the additional \$26 billion in FY2015 in "Opportunity, Growth, and Security" Initiative funds that the President proposed providing to the Department would mitigate near-term readiness and investment risks. To sustain a healthy, ready, and modern force into the future, it is essential that requested savings from Base Realignment and Closure (BRAC), compensation, health care, and other efficiencies be approved.

MAIN ELEMENTS OF PLANNED U.S. FORCE STRUCTURE AND END STRENGTH, FY2019¹

*Department of the Army**

18 divisions (10 Regular Army; 8 Army National Guard)

22 aviation brigades (10 Regular Army, 2 U.S. Army Reserve, and 10 Army National Guard)

15 Patriot air and missile defense battalions, 7 Terminal High-Altitude Area Defense (THAAD) missile defense batteries (all Regular Army)

¹ Some out year force structure plans may change if Congress appropriates at the five-year level in the President's Budget request.

Military Personnel: 440,000 - 450,000 Regular Army; 195,000 U.S. Army Reserve; 335,000 Army National Guard

**Specific numbers and composition of Army forces are not yet finalized as the Army balances forces, modernization, and readiness, and considers innovative force designs.*

Department of the Navy

11 aircraft carriers (CVNs) and 10 carrier air wings (CVWs)

92 large surface combatants (68 DDG-51s, 3 DDG-1000s, and 21 CG-47s with 10-11 cruisers in temporary lay-up for modernization)

43 small surface combatants (25 LCS, 8 MCMs, and 10 PCs)

33 amphibious warfare ships (10 LHAs/LHDs, 11 LPDs, and 12 LSDs, with 1 LSD in temporary lay-up for modernization)

51 attack submarines (SSNs) and 4 guided missile submarines (SSGNs)

Personnel end strength: 323,200 Active Component (AC); 58,800 Naval Reserve

2 Marine Expeditionary Forces organized in 3 AC and 1 Reserve Component (RC) Division/Wing/Logistics Group teams

3 Marine Expeditionary Brigade Command Elements

7 Marine Expeditionary Unit Command Elements

Personnel end strength: 182,000 AC; 39,000 RC

*Department of the Air Force**

48 fighter squadrons (26 AC; 22 RC) (971 aircraft)

9 heavy bomber squadrons (96 aircraft: 44 B-52, 36 B-1B, 16 B-2)

443 aerial refueling aircraft (335 KC-135, 54 KC-46, 54 KC-10)

211 strategic airlift aircraft (39 C-5, 172 C-17)

300 tactical airlift aircraft (C-130)

280 ISR aircraft (231 MQ-9, 17 RC-135, 32 RQ-4)

27 Command and Control Aircraft (18 E-3, 3 E-4, 6 E-8)

6 operational satellite constellations (missile warning, navigation and timing, wideband & protected SATCOM, environmental monitoring, multi-mission)

Personnel end strength: 308,800 AC; 66,500 Air Force Reserve; 103,600 Air National Guard

** Numbers shown for U.S. Air Force aircraft reflect “combat coded” inventory; that is, aircraft assigned to units for performance of their wartime missions.*

Special Operations Forces

Approximately 660 special operations teams (Includes Army Special Forces Operational Detachment-Alpha [ODA] teams and their equivalents; Navy Sea, Air, Land [SEAL] platoons; Marine special operations teams; Air Force special tactics teams; and operational aviation detachments [OADs]. Does not include civil affairs [CA] teams or military information support operations [MISO] detachments.)

3 Ranger battalions

259 mobility and fire support aircraft

Approximately 83 ISR aircraft (40 remotely-piloted and 43 manned)

Personnel end strength: 69,700

*Strategic Nuclear Forces**

No more than 1550 accountable deployed warheads for the following strategic nuclear delivery vehicles:

Up to 420 Minuteman III intercontinental-range ballistic missiles

240 submarine-launched ballistic missiles deployed on 12 of 14 SSBNs

Up to 60 nuclear-capable heavy bombers, with each deployed heavy bomber counting as one deployed warhead

* This U.S. strategic nuclear force complies with the central limits set forth in the U.S.-Russia New START Treaty. These limits must not be exceeded from 5 February 2018 onward; that is, seven years after the treaty entered into force. These numbers pertain to deployed warheads and deployed strategic nuclear delivery vehicles as defined in the New START Treaty.

Cyber Mission Forces

13 National Mission Teams (NMTs) with 8 National Support Teams (NSTs)

27 Combat Mission Teams (CMTs) with 17 Combat Support Teams (CSTs)

18 National Cyber Protection Teams (CPTs)

24 Service CPTs

26 Combatant Command and DOD Information Network CPTs



CHAPTER IV: REBALANCING THE DEFENSE INSTITUTION

CHAPTER IV: REBALANCING THE DEFENSE INSTITUTION

The Department of Defense is taking steps to rebalance its own enterprise in order to control accelerating internal cost growth that threatens to be unsustainable in the future. The Department's first priority is to maintain the strength of our greatest asset – the men and women who serve in the United States Armed Forces and their families. We will continue to support all current Service members, as well as those who transition out of the U.S. military, and especially those who require care after returning from combat. Maintaining our commitment to sustaining and strengthening the health of the All-Volunteer Force in times of decreasing defense budgets requires us to make prudent, significant, and enduring reforms wherever possible. This includes finding efficiencies within the Department of Defense organization, reforming our internal processes and consolidating our infrastructure, and making some adjustments to pay and compensation. In doing so, we will exercise good stewardship over the resources entrusted to the Department of Defense while continuing to honor the sacrifices of all those who serve.

STRENGTHENING THE HEALTH OF THE ALL-VOLUNTEER FORCE

The past twelve years of combat have profoundly affected the All-Volunteer Force. Soldiers, Sailors, Airmen, and Marines from all components have served with distinction. Even as the entire Joint Force reaches the end of the U.S.-led combat mission in Afghanistan and devotes greater



A U.S. Navy Specialist Seaman teaches children to salute at the Yawkey Boys and Girls Club during Boston Navy Week 2012 which commemorated the Bicentennial of the War of 1812. The eight-day event hosted service members from the U.S. Navy, Marine Corps, and Coast Guard as well as coalition ships from around the world. (U.S. Marine Corps photo by Cpl. Marco Mancha)

attention to preparing for future challenges, members of the U.S. military will continue to endure hardships, including lengthy family separations and deployments in harm's way.

As the Department undertakes this transition from wartime, we will continue to ensure that Service members whose sacrifices have resulted in wounds, illnesses, or injuries receive top-quality physical and psychological care. The Department of Defense is committed to supporting the approximately 14,000 wounded warriors and their families recovering from, and coping with, injuries sustained during global operations. The Department will invest in initiatives like the Recovery Coordination Program, which assigns a single point of contact to help Service members from the moment of an injury to when they return to active duty or leave active service. And we will sustain efforts to build the strongest possible support network for the men and women of the U.S. Armed Forces who are in hospitals, rehabilitation, or are otherwise recovering.

All veterans of the U.S. Armed Forces deserve the opportunity to translate their extraordinary experiences – leading teams, making decisions, and solving problems – into new occupations after they leave active service. The Department of Defense will continue to work with the Departments of Veterans Affairs (VA) and Labor (DOL) to help U.S. corporations, associations, municipalities, and non-profit organizations select from the rich talent

pool of separating Service members and retirees of the U.S. Armed Forces. As one example, the Department of Defense will continue work with the VA and DOL to support the Transition Assistance Program (TAP), which helps Service members receive training, education, and credentials needed to transition successfully to the civilian workforce. Efforts like these are mutually beneficial, not only aiding the men and women who have served our country in finding rewarding employment, but also providing potential employers with motivated, accomplished, effective workers, managers, leaders, and executives.

For all current members of the U.S. Armed Forces, each of whom makes sacrifices in support of the Nation's security, the Department must seek to provide an environment where our personnel can succeed to the best of their abilities. Responsibly confronting instances of sexual assault remains a top priority for the Department. We are standardizing prevention efforts



Army Spc. Elizabeth Wasil wins gold in the 1500-meter wheelchair race during the 2013 Warrior Games in Colorado Springs, Colorado. (Defense Department photo by EJ Hersom)

across the Services, and strengthening commander accountability and victim advocacy while enhancing victim support and pretrial investigations. We are committed to demonstrating measurable progress in sexual assault prevention and response.

We are also continuing to take major steps toward reducing all remaining gender-based barriers to service. The Army has ended the direct ground combat exclusion rule for female Service members, and other Services are moving forward to eliminate all unnecessary gender-based barriers to service. As a result of these and other decisions, since 2012 the Department opened approximately 57,000 positions to women, and our efforts to evaluate occupational performance standards are ongoing. The Department will also continue to implement changes needed to realize fully its decision to allow gay men and women to serve openly in the military. Across all of these efforts, senior leadership remains committed to one principle: ensuring that no form of discrimination persists in the U.S. Armed Forces.

REBALANCING THE DEFENSE INSTITUTION

Decreasing defense budgets require the Department to continue making prudent, significant, and enduring reforms wherever possible.

Efficiencies

This QDR builds on the successes of two previous Secretaries of Defense in driving institutional reforms. We have implemented or are currently implementing changes designed to reduce health provider costs, increase efficiencies in our internal health care facilities, eliminate lower-priority organizations, consolidate information technology operations, and much more. In the President's FY2010 Budget submission, the Department capped and cancelled billions of dollars in programs that were inefficient and underperforming. As a result of a 2011 Secretary of Defense-led efficiency review, the Department realized five-year savings of \$150 billion. In 2012, the Department identified another \$60 billion in planned reductions over five years, with an additional \$35 billion in 2013. In December 2013, Secretary Hagel announced that the Department will implement a number of additional efficiencies, including:

- Reducing the Department's major headquarters budgets by 20 percent, beginning with the Office of the Secretary of Defense (OSD), the Joint Staff, Service Headquarters and Secretariats, Combatant Commands, and Defense Agencies and Field Activities; and

- Reducing the number of direct reports to the Secretary of Defense by further consolidating functions within OSD, as well as eliminating positions.

In all, these efforts will reduce the Department's operating costs by some \$5 billion over the next five years and more than twice that amount over the next decade. The Services are also finding efficiencies within their organizations.

Better Buying Power and Financial Management Reforms

Achieving greater efficiencies is a central piece of the Department's efforts to increase productivity in defense spending to deliver better value to the taxpayer and warfighter. Introduced in 2010, Better Buying Power encompasses a set of initiatives intended to move the Department toward this goal. In November 2012, the Department began its second phase of Better Buying Power, which reflects the Department's commitment to continuous improvement in seven key areas:

- Achieve affordable programs;
- Control costs throughout the product lifecycle;
- Incentivize productivity and innovation in industry and government;
- Eliminate unproductive processes and bureaucracy;
- Promote effective competition;
- Improve tradecraft in acquisition of contracted services; and
- Improve the professionalism of the total acquisition workforce.

The initiatives that support these broad goals emphasize innovation, technology, best value, and professionalism of the workforce. This last area recognizes that people are essential to changing the way the Department provides critical capabilities to the warfighter and thus seeks to establish higher standards for key leadership positions, implement stronger professional qualification – not just certification – requirements for all acquisition specialties, increase the recognition of excellence in acquisition management, and continue to increase the cost consciousness of the acquisition workforce.

The Department is also improving its financial management, in part to achieve auditable financial statements. We have taken many steps: tightening financial business processes, installing modern systems, and instituting a formal course-based certification program for defense financial managers. Now our efforts are paying off. This year for the first time a military service – the Marine Corps – has achieved an unqualified opinion on its current-year budget statement, and we expect most of our budget statements to be audit ready by September 2014. Through these financial and acquisition improvements, as well as efficiencies, the Department continues to demonstrate its commitment to increasing productivity in defense spending.

Managing the Total Force

The Department's civilian workforce, augmented with contract support, directly contributes to mission readiness and serves as a key enabler of the operating forces by providing essential training, performing equipment modernization and reset, providing medical care, delivering base operating and infrastructure services, and ensuring the viability of critical family support programs. From FY2001 through FY2012, the Department saw a steady increase in its civilian workforce, especially in emerging areas such as intelligence, cyber, and acquisition – areas where civilians are increasingly operators. The Department sought to reduce stress on the Joint Force by converting 50,000 military billets to civilian ones, freeing up more military personnel for combat, as well as increasing logistics and medical staff, among others. Civilian workforce increases enabled the Department to reduce excessive reliance on contractor support and rebalance the Total Force to ensure organic capabilities and government performance of inherently governmental and critical functions.

Given the planned reductions to the uniformed force, changes to our force structure, and the Department's strategic direction under fiscal constraints, the Department must continue to find efficiencies in its total force of active and reserve military, civilian personnel, and contracted support. The Department needs the flexibility to size and structure all elements of its Total Force in a manner that most efficiently and effectively meets mission requirements, delivers the readiness our Commanders require, and preserves the viability, morale, and welfare of the All-Volunteer Force.

Base Realignment and Closure (BRAC)

Especially as the Department reduces force structure, we must avoid spending precious defense dollars on maintaining unnecessary facilities. The Department estimates that we already have more infrastructure than we need; our excess capacity will grow as we reduce force structure. The most effective way to eliminate unneeded infrastructure within the United States is through the BRAC process. BRAC is an analytical, apolitical, transparent, independently validated process that has proven to be a successful efficiency tool, saving more than \$12 billion annually from the five BRAC rounds that have occurred during the past twenty-five years. Congress has denied the Department's request for another BRAC round in each of the past two years. If the Department of Defense is to make effective use of taxpayer dollars, Congress must authorize another BRAC round in 2017.

While a U.S. BRAC is needed to eliminate the costs of unneeded infrastructure, the Department is also looking for efficiencies in its global infrastructure. To that end, the Department has embarked on a comprehensive review of its European infrastructure. This effort should deliver changes that will make a material improvement in both operating efficiency and effectiveness and validate the infrastructure we must maintain to meet our strategic commitments in the region.

PAY AND COMPENSATION

Strengthening the health of the All-Volunteer Force requires keeping the force in balance during this period of austerity. America will maintain its two-fold sacred contract with the U.S. Armed Forces: to properly compensate and care for our men and women in uniform and their families – both during and after their service – and to provide our Service members the best training and equipment possible so they can safely accomplish their missions.

The Department and the American people have rightfully been very supportive of our men and women in uniform for more than a decade of war. Since 2001, increases in military pay and benefits have more than closed compensation gaps and have better aligned military compensation with the rest of the Nation's workforce. Increases in the glideslope of compensation growth were primarily a result of the following:

- Setting basic pay raises higher than private sector wage growth;
- A new health care plan for retirees 65 and older (TRICARE for Life); and

- Providing a housing allowance to cover 100 percent of surveyed rent, basic utilities, and renter insurance costs.

Reflecting these enhancements, the All-Volunteer Force today is compensated with a broad mix of pay and benefits including Basic Pay, Basic Allowance for Housing, Health Care, Subsistence, Clothing, Commissaries, and Special Pays and Incentives. To ensure a future force that is sized, shaped, trained, and equipped appropriately within increasingly constrained budgets, and to keep personnel costs on a sustainable path, it is necessary for the Department to slow the rate of growth in pay and compensation responsibly, fairly, and sustainably. The Department must make adjustments to place the still-upward compensation trajectory on a more appropriate, sustainable, and responsible glideslope.

The Department is proposing a range of changes that will continue to offer a competitive package for recruiting and retaining our Joint Force of the future while slowing the rate of compensation growth. If implemented fully, these proposals could save approximately \$12 billion over the next five years and considerably more by the end of ten years. And, these changes represent a far smaller percentage of the legislated total reduction in the Department's topline than we are taking from force capability, capacity, and readiness.

Military Basic Pay is taxable Service member income based on pay grade and time in service. The Department proposes restraining the annual military pay raise over the next five years by providing pay raises below the Employment Cost Index, beginning at 1 percent in FY2015. This excludes general and flag officers, whose pay will be frozen for one year.

Basic Allowance for Housing (BAH) is a tax-free cash allowance for Service member housing costs when government quarters are not utilized. Prior to 2001, a member's housing allowance covered only about 80 percent of his or her full housing costs. Starting in 2001, the Department phased-in a "zero out-of-pocket expenses" policy, and by 2005, BAH covered 100 percent of average expected expenses. As more Service members took advantage of BAH and the Services grew, the cost share and impact to the budget grew correspondingly. The Department proposes slowing the rate of BAH growth over a phase-in period of three years and no longer reimbursing for renter's insurance until tax-free housing allowances cover an average of 95 percent of expenses. The proposal applies to domestic BAH only, and Service members are "rate protected" until they change duty stations. This change is projected to save about \$5 billion from FY2015-FY2019.

TRICARE provides low-cost, world-class medical care for Service members, their families, and retirees. Over the past decade, Military Health System costs have more than doubled from \$19 billion in FY2001 to \$49 billion in the President's FY2014 Budget request, with some of this increase coming from the creation of TRICARE for Life for retirees 65 and older. Moreover, member fees have only been adjusted modestly since TRICARE was fully implemented in 1996, when a working age retiree's family of three who used civilian care contributed on average roughly 27 percent of the total cost of its health care. Today, that percentage contribution has dropped to less than 11 percent as costs have increased without a proportionate increase in user fees.

In line with recent attempts to reform military health care, the Department has proposed combining the three TRICARE fee-for-service and managed care options into a consolidated plan. Modeled after best practices in the private sector, this proposal reduces costs without negatively affecting health care services, and will save about \$9 billion from FY2015-FY2019. It includes adjustments in deductibles and co-pays to encourage members to use the most affordable means of care. Active duty Service member health care benefits will not change. Beneficiaries will be able to maintain their choice of doctor, and nothing we are doing will create incentives for current providers or doctors to leave TRICARE. Medically retired personnel and survivors of those who died on active duty will be treated as active duty family members. The Department will continue to fully fund its Wounded, Ill, and Injured warrior programs. Even with additional fees, the coverage is far cheaper than equivalent civilian sector health care plans, and the care will remain comparable to or better than the civilian sector.

The Defense Commissary Agency operates 243 military grocery stores around the world (178 domestic, 65 overseas locations), providing at-cost groceries plus a 5 percent surcharge to Service members, their families, and retirees. Commissaries were established decades ago when military pay was much less, the majority of military members lived on installations, and the civilian market provided fewer low-cost store options near Department of Defense installations. This is not the case in most locations today. The Department proposes gradually reducing by \$1 billion over the next three years the annual direct subsidy provided to military commissaries, which now totals \$1.4 billion. Under this plan, all commissaries would still receive free rent and pay no taxes, and overseas commissaries – as well as those in remote locations – would continue receiving direct subsidies. In all, this proposal is projected to save \$3.9 billion from FY2015-FY2019.

In their totality, these proposed changes will maintain our promise to provide the All-Volunteer Force with fair and appropriate pay and compensation while always sending them into combat

with the best possible training and equipment that we can provide. The Secretary of Defense, the Secretaries of the Military Departments and the Service Chiefs, the Senior Enlisted Advisers, and the Department's entire senior leadership team support this comprehensive reform package, which we believe will put us on a sustainable path and will help fund the warfighting capabilities we need to maintain the Joint Force. We will work in partnership with Congress and the American public to implement these reforms so that we can ensure we continue to sustain the world's finest military.



CHAPTER V: IMPLICATIONS AND RISKS OF SEQUESTRATION-LEVEL CUTS

CHAPTER V: IMPLICATIONS AND RISKS OF SEQUESTRATION-LEVEL CUTS

The Department of Defense is committed to protecting and advancing U.S. national security interests by taking steps to rebalance and prepare for the future. Today, at the level supported by the President's FY2015 Budget, the Department will still be capable of protecting our country and fulfilling the defense strategy, but with increased levels of risk for some missions. The Department can manage these risks under the President's FY2015 Budget plan, but the risks would grow significantly if sequester-level cuts return in FY2016, if proposed reforms are not accepted, or if uncertainty over budget levels continues. The scale and timeline of reductions would force the Department to make greater reductions in the military's size, reach, and margin of technological superiority. Under this scenario, the Department of Defense could see its planned budget reduced by almost \$1 trillion over ten years compared to levels envisioned three years ago. Cuts to meet these budget levels would slash force structure and modernization too deeply to viably execute our defense strategy.

IMPLICATIONS OF SEQUESTRATION-LEVEL CUTS ON THE DEFENSE STRATEGY AND FORCE PLANNING

The return of sequestration-level cuts in FY2016 would significantly reduce the Department's ability to fully implement our strategy. Relative to funding levels in the President's FY2015 Budget, risks associated with conducting military operations would rise substantially. Our military would be unbalanced and eventually too small and insufficiently modern to meet the needs of our strategy, leading to greater risk of longer wars with higher casualties for the United States and our allies and partners. Ultimately, continued sequestration-level cuts would likely embolden our adversaries and undermine the confidence of our allies and partners, which in turn could lead to an even more challenging security environment than we already face.

Under continued sequestration-level cuts, the Department would maintain its priority focus on homeland defense – albeit at heightened risk. Decreased levels of readiness and capacity would challenge the Department’s ability to maintain air, missile, and maritime defenses over time, particularly if we faced a large-scale conflict overseas, while also negatively affecting our ability to support domestic homeland security agencies and catastrophic disaster response support to civil authorities.

Sequestration-level cuts over the near-, mid-, and long-term would have an even more negative impact on the Department’s ability to shape events globally. Under sequestration-level cuts, the United States would remain focused on strengthening alliances and partnerships and working with our partners to build capacity, but the Department would have difficulty matching our intent with the reduced resources available for engagement activity. Over the next decade, reductions in readiness and capacity imposed by sequestration-level cuts would diminish the Department’s ability to build security globally, preserve stability, deter conflict, and reassure allies. For instance, the number of ships available for the Navy to provide global presence would decrease further than it did under sequestration in FY2013. Engagement programs such as Joint Combined Exchange Training events would be reduced significantly as well. Over time, the Department’s ability to counter terrorism, conduct exercises and training activities with partners, make port visits, and provide ISR capabilities to regional Combatant Commanders would be significantly constrained.

Under sequestration-level cuts, the United States would continue prioritizing efforts to sustain and complete our rebalance to the Asia-Pacific region, including our focus on ensuring strong relations with our allies and partners. The Department would continue implementing key posture initiatives in the region, and by 2020, the Department would have home-ported 60 percent of naval ships in the region. Reduced capacity, however, would create challenges in maintaining current levels of presence, particularly aircraft carriers, across the Pacific. The scale, number, and complexity of U.S. exercises in the region and with our allies and partners would also significantly decrease over time if resource levels did not increase.

While the Department of Defense would sustain its focus on the Middle East – seeking to counter violent extremists and destabilizing threats – we would need to move toward a leaner, yet still responsive, posture if sequestration-level cuts remain in place in the years to come. As in the Asia-Pacific region, smaller surface fleet capacity would lead to reduced presence.

The United States would remain committed to the security of our European allies and partners, but under sequestration-level cuts we would be unable to continue participating at current levels in joint training and exercises that are central to our relationships with allies and partners. This and other trends over the mid- to long-term would degrade hard-earned interoperability that we have developed between our forces and European militaries, threatening our ability to collectively and rapidly achieve objectives in potential future operations. If sequestration continues, there would be fewer U.S. military forces in other regions, such as the Western Hemisphere and Africa, than there are today. These regions are already seeing the impact of increasingly constrained resources.

Sequestration-level cuts would also lead to significant risk in the Department's ability to project power and to win decisively in future conflicts. The Department would have less ability to deter conflict and would face challenges in being able to defeat an adversary quickly if called upon to engage in major combat. Reductions in capacity – across all Services but particularly in the Army – would challenge our ability to respond to strategic surprises, particularly those requiring large numbers of forces. We would likely need to count more on allied and partner contributions in confrontations and conflicts, assuming they would be willing and able to act in support of shared interests.

Reductions in overall readiness, particularly in the near years, would further challenge the ability of U.S. forces to project power and respond to contingencies. Reducing readiness generates savings quickly, but it also robs the Services and U.S. Special Operations Command of resources they use to man, train, and equip their forces – including aircraft carriers, Brigade Combat Teams, Special Operations Forces, and flying units. Sequestration-level cuts would reduce capacity available for the Services to maintain a ready “surge” pool of forces that could deploy rapidly. Deploying forces, especially in the Army and Marine Corps, could in some cases have to draw on personnel and equipment from non-deployed forces, resulting in lower readiness levels in the event of an unexpected contingency or the need to deploy forces to provide forward presence. Readiness decisions today will continue to have an impact for years to come. We know that core and niche skills take exponentially longer to regenerate than the time they take to erode. These corrosive readiness effects would require time and money to remedy.

Critical modernization programs would also be broken under sequestration-level cuts, creating deficiencies in the technological capability of our forces despite the requirement that they be able to respond to a wide array of threats, including substantial A2/AD and cyberspace

challenges, as well as threats posed by adversaries employing innovative combinations of modern weaponry and asymmetric tactics. Development and fielding of critical warfighting capabilities, including advanced fifth-generation fighters, long-range strike assets, surface and undersea combatants, and precision weapons would be at significant risk, despite the fact that these are the capabilities the Department most needs to address growing threats. The Department would need to make tradeoffs in critical capabilities. The Services would have to delay, curtail, or cancel some high-priority modernization programs, as well as many lower-priority programs.

Finally, in the event of sequestration-level cuts, the Department would be forced to make a number of non-strategic decisions with negative impacts for U.S. interests. For instance, the Navy would be forced to consider inactivating an aircraft carrier and its associated air wing and cutting one nuclear submarine, up to three DDG-51 destroyers, three logistics vessels (TAO(X)), and one Afloat Forward Staging Base/MLP from the shipbuilding plan in the next few years, solely to avoid near-term costs. Doing so would undermine a core competitive advantage for the United States, decreasing our ability to engage globally, project power, deter conflict, and decisively win against potential adversaries. The other Military Services would have to make similar difficult tradeoffs. The negative impact of choices like these would be clear – not only to U.S. forces but to allies and partners we seek to reassure and to potential adversaries we seek to deter.

The United States remains committed to protecting its interests, sustaining U.S. leadership, and preserving global stability, security, and peace. Recognizing current fiscal realities, the Department has made a number of decisions to ensure the Joint Force remains balanced over time, even as it must begin getting smaller given fiscal constraints. We will prepare the Department of Defense and the Joint Force for the future and preserve the health of the All-Volunteer Force as we implement reforms.

The FY2015 funding levels requested by the President will allow the military to protect and advance U.S. interests and fulfill the updated defense strategy – but with increased levels of risk for some missions. The Department can manage these risks under the President's FY2015 Budget plan, but the risks would grow significantly if sequester-level cuts return in FY2016, if proposed reforms are not accepted, or if uncertainty over budget levels continues. Ultimately, if the fiscal environment does not improve, by 2021 the Joint Force will be too small and insufficiently modern to fully implement our defense strategy. As a global leader, the United States requires a robust national defense strategy to protect and advance its interests, with a

military that can implement that strategy effectively. The Department is committed to working with Congress and the American people to ensure that as the Nation puts its fiscal house in order, we continue to provide sufficient resources for a strong national defense.



CHAIRMAN'S ASSESSMENT OF THE QUADRENNIAL DEFENSE REVIEW

I support the strategic direction articulated in the 2014 Quadrennial Defense Review (QDR). As we rebuild our readiness following more than a decade of conflict, the U.S. military will be capable of executing the 2014 QDR strategy but with higher risk in some areas. In fact, our military risk will grow quickly over time if we don't make the types and scope of changes identified in the report.

Strategy is about balancing ends, ways, and means; that is, our national objectives, our operational concepts, and the resources available to us. Clearly this QDR addresses the fact that for the foreseeable future the Department of Defense will have fewer "means" to apply to defending our national security interests. Not surprisingly, given our responsibilities as a global power, the strategy articulated in the QDR preserves the "ends" articulated in the Defense Strategic Guidance of 2012 as they are considered necessary to protect the core interests of the United States. With our "ends" fixed and our "means" declining, it is therefore imperative that we innovate within the "ways" we defend the Nation. Successful innovation, particularly for an organization as large and complex as the U.S. military, is difficult. It will require strong, courageous leadership within the military, as well as close collaboration with our elected leaders.

Thus, the core theme for the FY 2014 QDR from my point of view is one of *rebalance*. Because of geo-political change, frequent evolution in the way wars are fought, improving capabilities of our potential adversaries, and reduced resources as a result of the national imperative of deficit reduction, we will need to rebalance in many areas. These include:

- The types of conflict for which we prepare the Joint Force. The force has been focused on a single type of conflict for the past decade and needs to restore its readiness for the full spectrum of potential conflict.

- Our forward posture across the globe. We will need to balance permanent, prepositioned, and rotational presence with surge capability. We will seek new presence models that assure our allies and deter our adversaries while addressing our many responsibilities around the world.
- The capability, capacity and readiness of our force. It will take time to restore the balance among what we can do, how often we can do it, and maintaining readiness for both our known commitments and for inevitable surprise. They are significantly out of balance at the moment.
- Our “tooth to tail” ratio. Though inefficiency is often imposed from outside the Department, we need to continue to press to become more efficient as an organization in order to preserve our combat power.
- The force mix of Active, Guard, and Reserve. We need to carefully consider potential changes in the balance among our Active, Guard, and Reserve forces, leveraging the unique attributes and responsibilities of our Services and their components.

ASSESSMENT

As mentioned in my risk assessment last year, I believe there are six national security interests for which we are responsible directly derived from the four core interests outlined in the National Security Strategy. These interests are what we protect—they are the “ends” of our strategy:

1. The survival of the Nation;
2. The prevention of catastrophic attack against U.S. territory;
3. The security of the global economic system;
4. The security, confidence, and reliability of our allies;
5. The protection of American citizens abroad; and
6. The preservation and extension of universal values.

They are all important, but not equally so, and they inform us in the formulation of strategy and in the application of our resources.

Based on these six interests, the Joint Chiefs and I use the following prioritization of missions (or “ways”) to advise the Secretary of Defense and the President and to determine how to distribute the force among our Combatant Commanders:

1. Maintain a secure and effective nuclear deterrent;
2. Provide for military defense of the homeland;
3. Defeat an adversary;

4. Provide a global, stabilizing presence;
5. Combat terrorism;
6. Counter weapons of mass destruction;
7. Deny an adversary's objectives;
8. Respond to crisis and conduct limited contingency operations;
9. Conduct military engagement and security cooperation;
10. Conduct stability and counterinsurgency operations;
11. Provide support to civil authorities; and
12. Conduct humanitarian assistance and disaster response.

Prioritization aids us in choosing among resource options, analyzing plans, and articulating risk over time. Today the U.S. military can conduct all of these missions, but under certain circumstances we could be limited by capability, capacity and readiness in the conduct of several of them. Few powers possess the ability to deny American power projection. Our overseas basing is diplomatically and militarily secure. The homeland is safe. Our technological advantages still outpace other state adversaries.

However, in the next 10 years, I expect the risk of interstate conflict in East Asia to rise, the vulnerability of our platforms and basing to increase, our technology edge to erode, instability to persist in the Middle East, and threats posed by violent extremist organizations to endure. Nearly any future conflict will occur on a much faster pace and on a more technically challenging battlefield. And, in the case of U.S. involvement in conflicts overseas, the homeland will no longer be a sanctuary either for our forces or for our citizens.

I believe the QDR acknowledges this future and sets us on a useful direction to mitigate risk. We will need new operational concepts, new thinking about how to employ our comparative advantages, and new organizations and formations. We will need the synergy of the Joint Force even more than we do today. Above all, we will need to invest more in finding and developing leaders of consequence at every level, men and women of both competence and character.

I consider the QDR's force structure recommendations appropriate to the resources available. The QDR prioritizes investments that support our interests and missions, with particular attention to space, cyber, situational awareness and intelligence capabilities, stand-off strike platforms and weapons, technology to counter cruise and ballistic missiles, and preservation of our superiority undersea.

The QDR force takes risk in the capacity of each Service but most notably in land forces. While a U.S. military response to aggression most often begins in the air or maritime domains—and in the future could begin with confrontations in the cyber and space domains—they typically include and end with some commitment of forces in the land domain. Therefore,

our QDR land forces will need to be even better organized, trained, and equipped for the full spectrum of 21st Century challenges. Moreover, since time is a defining factor in the commitment of land forces, I strongly recommend a comprehensive review of the Nation's ability to mobilize its existing reserves as well as its preparedness for the potential of national mobilization.

Risk is increasing in other areas as well. We will need capabilities that can operate effectively in contested environments and that can execute forced entry. This means capabilities that have greater operating ranges and are more interoperable with other systems and concepts and capabilities that will enable dispersed operations. We will need to continue to provide and enhance a network of systems that can defeat deeply buried and hardened targets and that can track and destroy mobile launchers. We need to begin to move away from traditional platforms and methods, without sacrificing the benefits of our current posture and capability set. Such a transition will be challenging and could be costly. We must avoid procuring expensive and exquisite systems that can be neutralized by adversaries with far less investment.

Determining just how costly this will be is nearly impossible. We are likely to be surprised—pleasantly and unpleasantly—by the speed of technology proliferation, increasingly sophisticated systems being developed by potential state adversaries, the cleverness and persistence of terrorists, the ability to adapt our own acquisition programs and capabilities, and the vitality of the U.S. technology and economic cycle. Estimations of how and where we would fight a war or militarily intervene will also probably be largely wrong.

We will need to build a balanced Joint Force and that force will need to be prepared for frequent adaptation.

RISK

The QDR asserts that the U.S. military can meet the updated national defense strategy, albeit at higher levels of risk in some areas. I want to highlight three main areas of higher risk.

- More Difficult Conventional Fights. Our operational plans require capability, capacity, and force readiness. Operational plans cannot be executed with a large force that is not ready in time or a ready force that is too small. The most stressing interpretation of the strategy calls for defending the homeland while conducting simultaneous defeat and deny campaigns. When measured against high- to mid-intensity operational plans, executing this combination of contingencies simultaneously would be higher risk with the QDR force. To mitigate potential risks, we are currently reviewing our operational plans to ensure we have fully leveraged intelligence capabilities to see approaching threats early enough to ensure our asymmetric capabilities will be fully integrated into

operational approaches, and that we have optimized our overseas posture to shorten response and logistics timelines.

- Reliance on Allies and Partners. Reductions in our capacity are unlikely to be completely mitigated by increased reliance on our allies and partners. We expect more from our allies even as their military power is mostly in decline, particularly relative to potential threats. Our effort to build new partners—a core competence of each of our Services—will be made more difficult by our own declining force structure. As part of our interaction with allies and counterparts, we have pursued more visibility into force management. Additional mitigation could include blended forces, an allied “pool” for force demand and supply, and increasing interoperability and training.
- The Reality of Global Responsibilities. The military objectives associated with meeting long-standing U.S. policy commitments are extraordinary and are growing in difficulty. The security environment is rapidly shifting. As the QDR explains, more diverse global actors are better connected, have more access to advanced technologies, and have proven their resilience and adaptability. Middleweight powers can threaten the homeland while sub-state actors can grab power without accountability. The number of nuclear-capable nations is growing. Our aging combat systems are increasingly vulnerable against adversaries who are modernizing—many of whom have invested in leap-ahead technologies—making our ability to develop and employ leading-edge technologies, systems and concepts even more urgent. Additionally, we must increasingly protect our forces, platforms, and installations against innovative, low-technology threats and tactics. All of these factors diminish our present military advantage and complicate our ability to meet ambitious strategic objectives. The Chiefs and I are working with the Secretary of Defense to refine and prioritize U.S. military objectives to align with the size and capabilities of our programmed force.

CONCLUSION

I believe that in 2020, we will still be the most powerful military in the world. More than 1 million men and women under arms—present in more than 130 countries and at sea—will still possess capabilities in every domain that overmatches potential adversaries. Enjoying alliances with a majority of the most powerful states, we will be the only nation able to globally project massive military power.

Our forces will also have considerable responsibilities. They must protect allies, be globally present to deter conflict, protect the global commons, and keep war far from our shores and our citizens. These obligations are unique to the United States military, and they are inherently expensive.

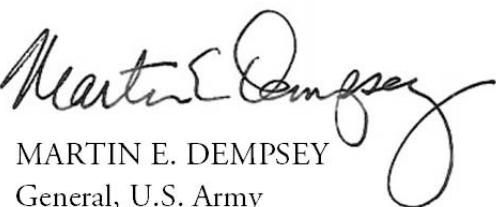
The smaller and less capable military outlined in the QDR makes meeting these obligations more difficult. Most of our platforms and equipment will be older, and our advantages in some domains will have eroded. Our loss of depth across the force could reduce our ability to intimidate opponents from escalating conflict. Nations and non-state actors who have become accustomed to our presence could begin to act differently, often in harmful ways. Moreover, many of our most capable allies will lose key capabilities. The situation will be exacerbated given our current readiness concerns, which will worsen over the next 3 to 4 years.

The essentials of the 2014 QDR are correct. Given the increasing uncertainty of our future, and the inherent uncertainty in judging risk, I support its short-term conclusions and direction. As suggested by the QDR, we will be challenged as an institution to make even relatively simple and well-understood reforms. We will be preoccupied in the near term with restoring readiness given the devastating impacts of previous budget cuts. Nevertheless, if our elected leaders reverse the Budget Control Act caps soon—and if we can execute the promises of the QDR—then I believe we can deliver security to the Nation at moderate risk.

My greatest concern is that we will not innovate quickly enough or deeply enough to be prepared for the future, for the world we will face 2 decades from now. I urge Congress—again—to move quickly to implement difficult decisions and to remove limitations on our ability to make hard choices within the Department of Defense. The changes required for institutional reform are unpleasant and unpopular, but we need our elected leaders to work with us to reduce excess infrastructure, slow the growth in military pay and compensation, and retire equipment that we do not need. Savings from these and other reforms will help us modernize, will add to research and development investments, and will provide needed funds to recover readiness. The lack of will to do what is necessary may drain us of the will to pursue the more far-reaching ideas promised in the QDR.

The true risk is that we will fail to achieve the far-reaching changes to our force, our plans, our posture, our objectives, and our concepts of warfare. I believe that dramatic changes will be needed in all of these by 2025. Some of these changes are well-known and outlined in the QDR. Some of these changes are only dimly perceived today and need encouragement and direction. Innovation is the military imperative and the leadership opportunity of this generation. It's a fleeting opportunity.

When we commit America's sons and daughters into combat, we must ensure that they are the best-trained, best-equipped, and best-led fighting force on the planet. That takes time, it takes money, and it is perishable.



MARTIN E. DEMPSEY
General, U.S. Army

